



**Advisory Services
Program**

Queensgate + Camp Washington

ULI CINCINNATI ADVISORY SERVICES PANEL

JUNE 14, 2023

THE MISSION OF THE URBAN LAND INSTITUTE

Shape the future of the built environment for transformative impact in communities worldwide

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CONNECT active, passionate, diverse members through the foremost global network of interdisciplinary professionals

INSPIRE best practices for equitable and sustainable land use through content, education, convening, mentoring, and knowledge sharing

LEAD in solving community and real estate challenges through applied collective global experience and philanthropic engagement





The Advisory Services Program has provided strategic, impactful recommendations to communities for over 70 years.

We engage experts in a diverse array of real estate development and land use fields, including transportation and transit-oriented development; neighborhood and regional planning; infrastructure; retail and commercial corridors; academic and medical institutions; disaster response and sustainability; and housing.

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THE PORT
Making Real Estate Work



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ULI Panelists and Staff

Selected for their subject matter expertise to provide **objective, volunteer** recommendations

Marilee Utter (Panel Chair)

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Denver, Colorado

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Beegan Architecture
Cleveland, Ohio

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Panel Scope

Success in this built-out environment requires a different way of thinking about the built form of manufacturing facilities – in many ways it harkens to older industry (vertical, multi-story manufacturing). It will require a divergence from “modern” industrial development. What ideas, considerations, or challenges might the ASP propose that is consistent with job-dense advanced manufacturing processes?

Is this concept feasible – If we build it will they come?

How and at what stage should The Port and its partners engage businesses in other dense, advanced manufacturing sites across the country to inform the real estate and development process? How important is it to incorporate the view of prospective employers early in the planning process?

Are we ahead or behind of peer cities or institutions doing “district” industrial development?



Panel Scope

Has the planning and strategy work completed to-date struck the right balance of big ideas versus an implementable vision?

Are we crazy? Should we be thinking more incrementally? Should we be going big or going slow?

From a resources and engagement perspective, The Port plans to focus on cluster areas within select neighborhoods at the outset (to be shared with ULI at appropriate stage). How important is staging/sequencing for the entire project and, relatedly, are there specific real estate parcels, or collections or parcels, that stand out as more appropriate?

Is our stake in the right place? Is it sufficient to create momentum? Should we keep there, or go next



Process

- Briefing materials
- Sponsor briefing
- Site tour
- Stakeholder interviews
- Panel deliberations
- Recommendation formation





What We Heard and Observed

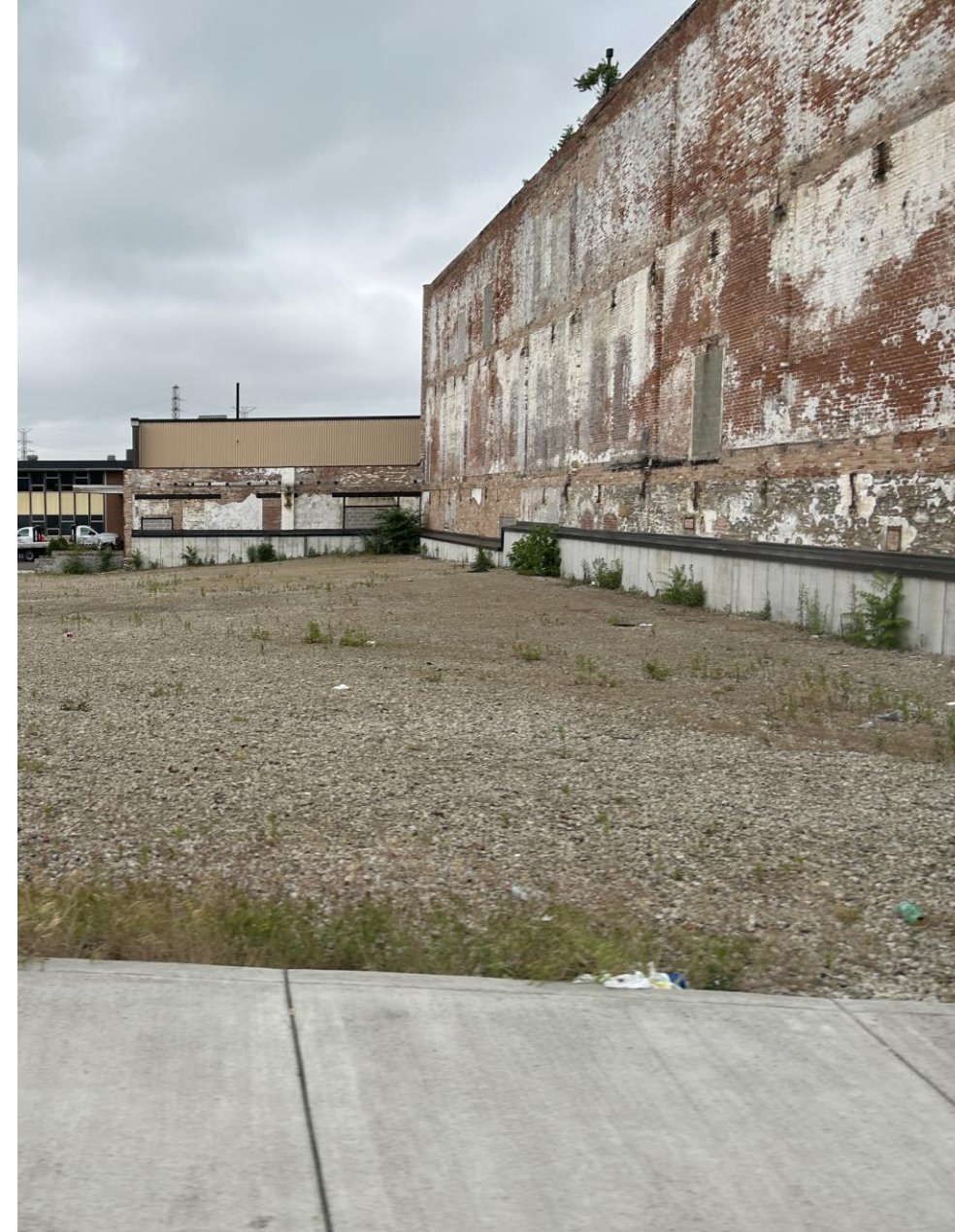
What We Observed

- Impressive leadership, skills, financial resources, and powers at The Port
- Large industrial area with many smaller historic structures throughout
- Distinct character in different districts
- Surprising cultural elements in Camp Washington
- Good infrastructure already in place
- No large industrial parcels site-ready and available
- Regionally competitive market for users
- Local industrial market pricing inexpensive compared to national norms
- Crosley building significant AND expensive



What We Heard

- Respect, appreciation for The Port and its work; also perceived as “top-down” and corporate
- Unknown vision for the area—including by developers and users
- Neighborhoods are tight-knit—businesses are family-owned, deep history in place
- Terminology confusion “Advanced manufacturing?” “Clean manufacturing?”
- True advanced or high-tech manufacturing needs smaller buildings; 3-7 acre sites
- Critical mass of smaller tenants are as good as one big user
- Redevelop the Crosley Building as demonstration project



What We Heard

- Pick an area and start—don't dilute across large geography
- Great water supply, ample broadband are assets
- Reinvent to maintain manufacturing heritage, especially tool-making
- Thriving residential and mixed-use in Camp Washington attracts tech workers
- Health hazards—soil and air quality—and Federal resources are available for clean technology and clean sites
- Connections in/out of the neighborhood need improvement to attract workers
- Streetcar on Colerain?



Headed in the Right Direction



Stay the Course on:

1. Goal of adding jobs at good salaries
2. Focus on the Camp Washington and Queensgate districts
3. Understanding that the industrial market is changing
4. Focus on land acquisition and development to site-ready parcels
5. Willingness to invest in demonstration projects
6. Understanding of the economic obstacles in site development
7. Appetite for risk and taking a long-term view
8. Opportunistic approach and nimbleness
9. Stepping up to lead transformation



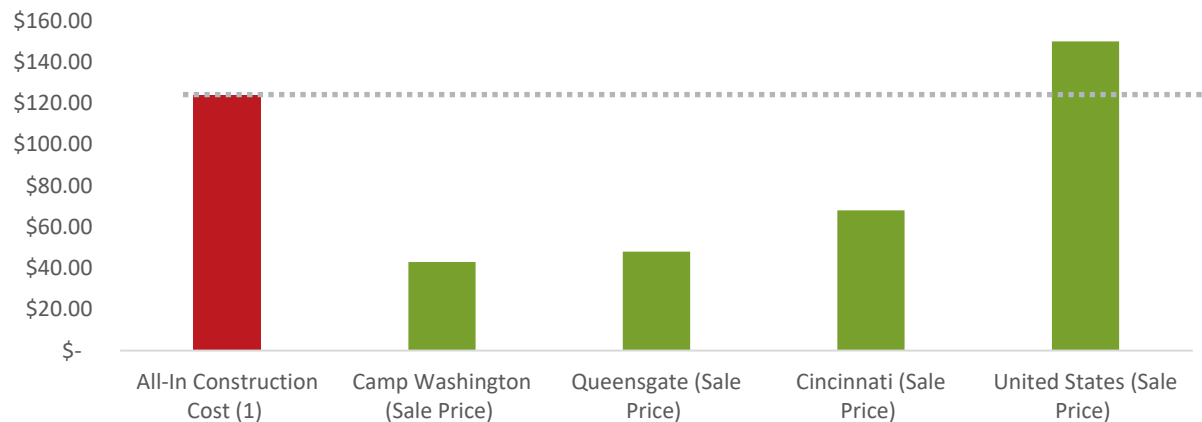
Market Reality Check

Market Overview

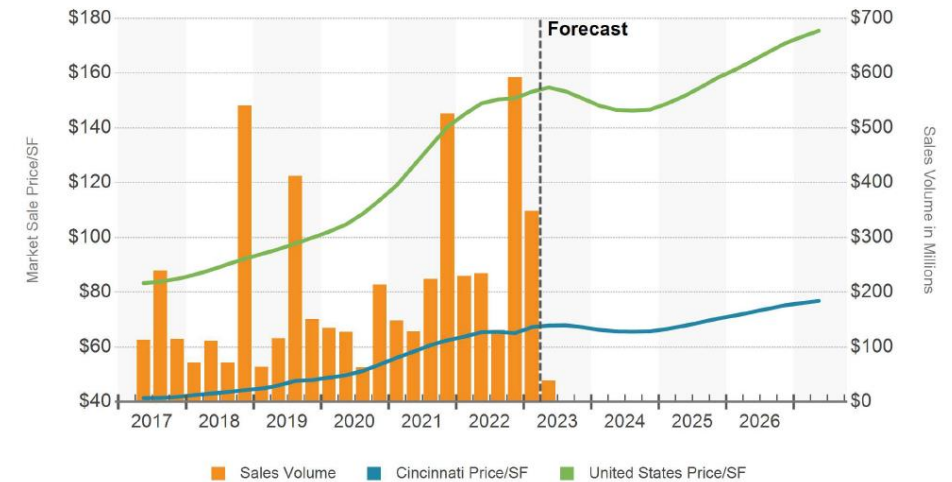
Industrial Real Estate Economics

- Required construction costs are not justifiable
- Average sales price for region significantly below Cincinnati and US market as a whole
- Given unattractive economics, The Port can help incentivize development by “setting the table” for end users and developers

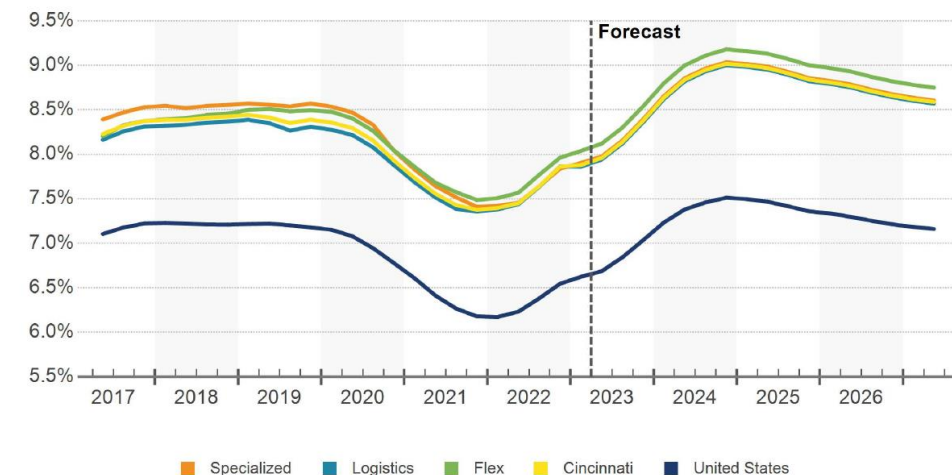
Construction Cost vs. Sales Price (\$ PSF)



Industrial Sales Volume and Sales PSF



Industrial Market Cap Rate



Market Overview

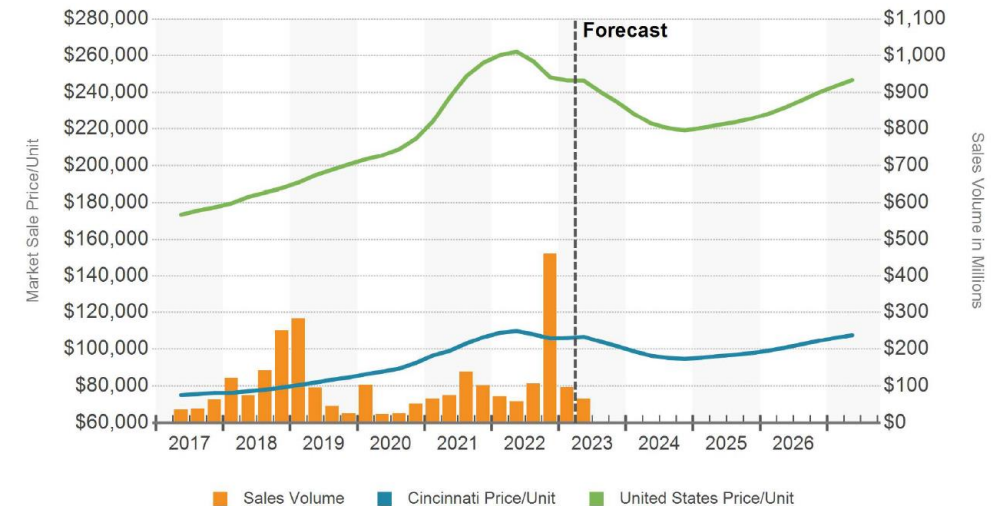
Residential and Mixed-Use Economics

- Camp Washington already has residential and commercial developments
- Economics currently are not justifiable without some level of support and financial incentive from The Port
- Residential development should be treated secondary
- Focus on incentivizing industrial and light industrial to come to the market first
- Residential development economics can improve once industrial market has been proved up

RiNo District (Denver, CO)



Multifamily Sales Volume and Sales PSF



Market Overview

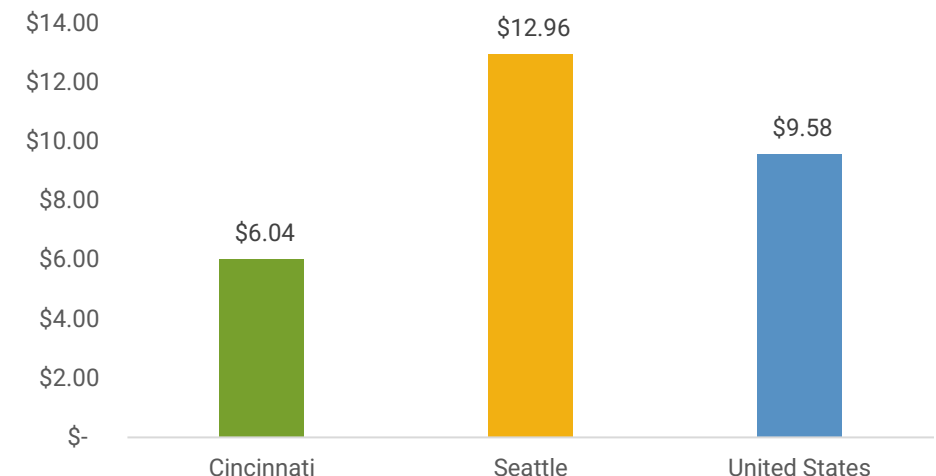
Feasibility of Vertical Manufacturing

- Multi-level industrial novice development type within the industrial space
- Only one project exists in the United States (Georgetown Crossing in Seattle, WA)
 - Seattle made sense given the maturity of market and higher than average land prices and rents
- Construction costs for multi-level industrial can be 40% more per square foot
- Rents in such facilities may need to be \$30 PSF to justify the extra investment
- Industrial development should be dictated by the market and the needs of the users

Georgetown Crossing (Seattle, WA)



Average Annual Asking Net Rent (\$ PSF)



Market Overview

Suggested Market Goals

- By remediating sites in Camp Washington and Queensgate, The Port is adding significant value
- Preparing sites or one large site for market can help catalyze the region's development
 - Do not have to incentivize one large user – can start small and develop strategy incrementally
- Consider not specifying *which* type of industrial – let the market help decide, within parameters (*i.e.*, no noxious or heavy industrial use)
- The Port can further incentivize private real estate development by leveraging its financial incentive toolkit
 - These incentives are required for Camp Washington and Queensgate to stay competitive with other markets in Hamilton County and across the Midwest
- Include market participants in setting development strategy



Economic Development Strategy

Economic Development Strategy

Who are we?

What do we want to be?

How do we get there?

Case Study: Fort Ben (Indianapolis, IN)

Goal: Redevelopment of former military base into mixed-use city center.

- 1st wave – Inventory & Prep
 - Public planning process across city, county & state; zoning/PUD
 - Reuse Authority and Incentives established
 - Environmental review, teardowns and remediation
 - Infrastructure – bridge, streets, master drainage plan
 - Early reuse adopters; secondary new builds
- 2nd wave – Post-Recession(s)
 - Recalibration of remaining structures/land
 - Leveraged organic trends to rebrand to “Fort Ben Tech Campus”



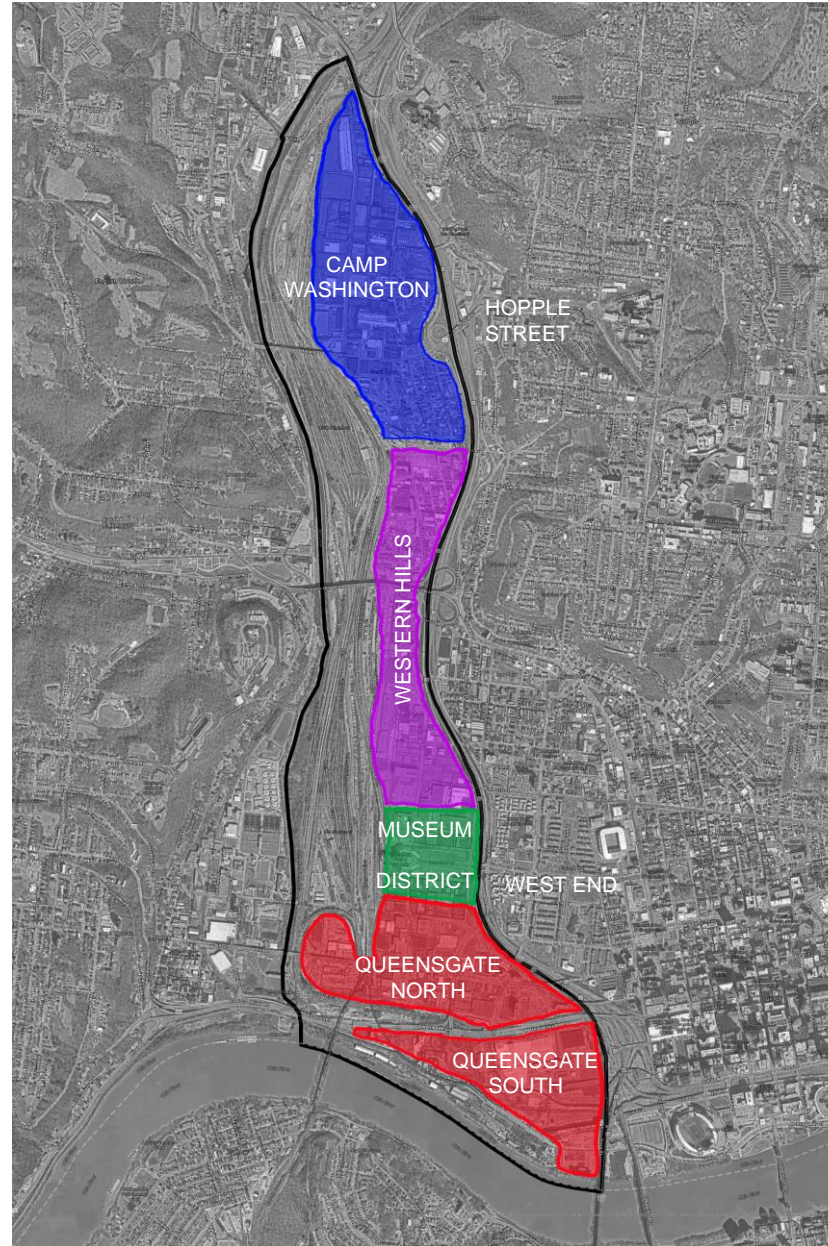
More info: <https://www.youtube.com/watch?v=edN615ELBHA>

There are more than two “neighborhoods” in this valley

Who we are...

PHYSICAL INDICATORS

- Natural edges
- Grade changes
- Access/connections to surrounding neighborhoods
- Wayfinding
- Architectural design guidelines
 - Preserve existing
 - Sensitive infill



NON-PHYSICAL INDICATORS

- Land uses
- Ownership
- Talent pool
- Shared services
- Common marketing strategy
- Collaboration
- History

Economic Development Strategy

Why is this important?

Current users and investors need the same things:

- To know where they are
- To know how to get around
- To understand any inherent risks
- To feel comfortable that their investment is secure

1. Identify natural submarkets/districts within the valley irrespective of “Queensgate” or “Camp Washington”
2. Build consensus around goals and strategies within sub-markets/districts within the valley
3. THEN develop strategies around assembly, acquisition, demo, cleanup, etc.



Economic Development Strategy

Three-Legged Stool



- Each sub-area will need different strategies, level of intervention, subsidy
- Several may include assembly, demo and cleanup, access to utilities, but some driven by market
- All will benefit from amenities that target workforce retention, consistent story-telling/branding, etc.

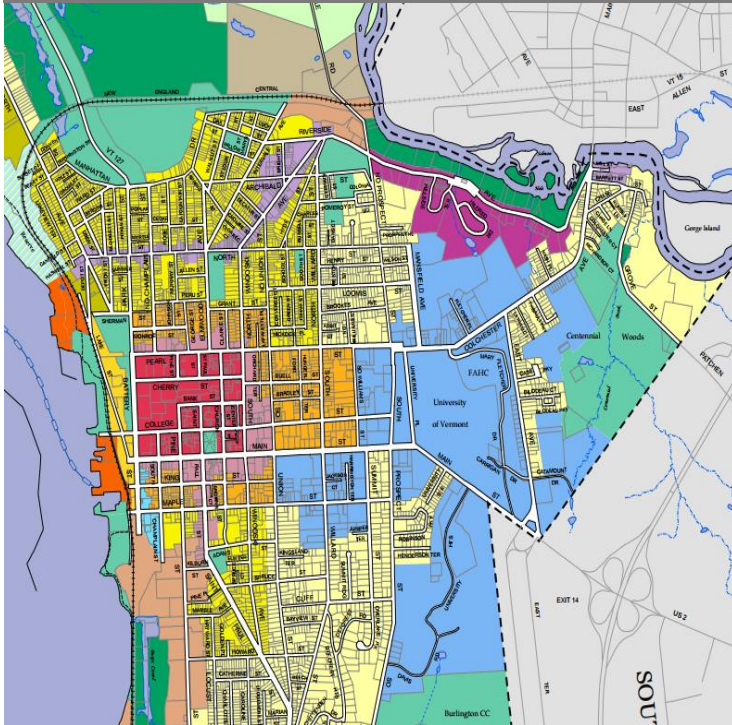
Public Private Partnerships

- Before investing in any large-scale speculative facility, let's attempt to spur private sector interest by "setting the table"
 - Proactively pre-develop for site readiness
 - Create shovel-ready, market-attractive sites
 - Selective, targeted approach with development incentives for private sector
 - Financial incentive principles
 - Leverage expertise of private sector

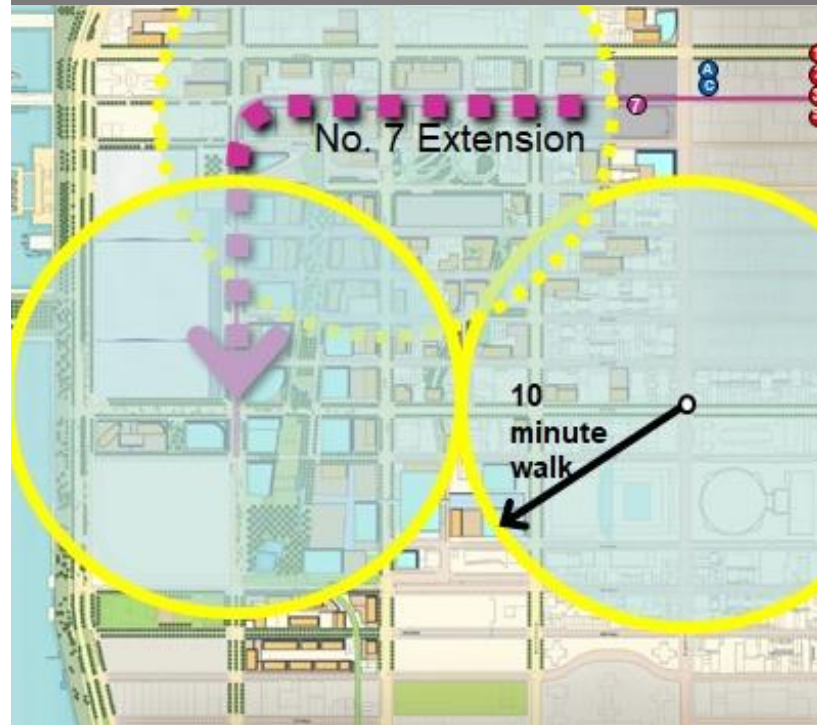


Proactively Pre-Develop for Site Readiness

Zoning / Parking / Environmental



Capital Budget / Infrastructure



Public Facility Location / Anchor and Catalyst



Heavy Lifting by The Port Helps Get Sites to “Shovel Ready”

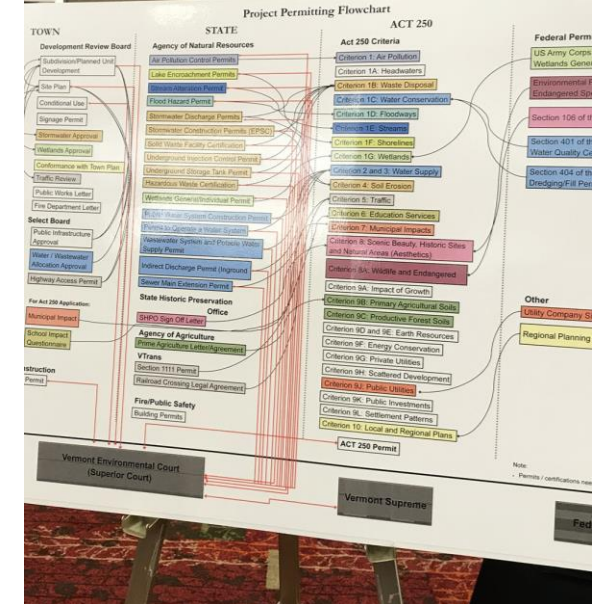
Site Acquisition / Assemblage



Site Preparation



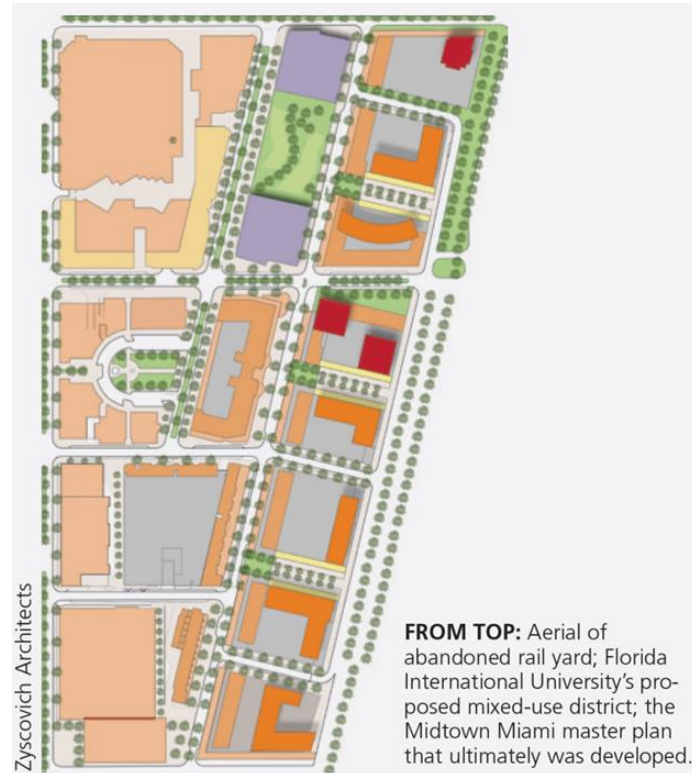
Streamline & Coordinate Process



Case Study: Midtown Miami (Miami, Florida)

Goal: Revitalize underutilized site by facilitating housing, office and retail development

- Precise Plan Zoning
 - Thoughtful market-based planning process
 - Built community support
 - Exhaustive environmental review
- Site Assembly
- Site Preparation
 - Creation of a site-specific CRA and pledging of the CRA TIF to pay for public parking garages for the retail center



Establish Public / Private Relationships

Developer Initiated

- With whom are you dealing?
- Shared vision
- Who has authority?
- Who controls what land?
- Legal process that allows negotiation
- Public values and benefits
- Fair value of developers' land
- Fair deal achieves risk-appropriate returns
- Complete development team




Public Sector Initiated

- Clear public vision
- Potential of site/project
- **Site control**
- **Pre-development actions/remediation**
- Two-stage solicitation—avoid beauty contests
- Developer financial and technical capacity, and legal history
- Limited number of proposals
- **Fair deal—“but for. . .”**
- Complete development team

Financial Assistance Principles

1. Address project risks—assembly, cleanup, market analysis, entitlement
2. Increase project value—density bonus, co-invest, etc.
3. Lower the cost of capital
4. Reduce project costs—Fund the gap



-  Property Owned/Controlled by FCRC
-  Property Owned By the City
-  Property Owned By the MTA

- * Property controlled by FCRC except Block 1127, Lot 27 (1 unit)
- ** FCRC has closed on an option to take by assignment the lessee's interest under the ground leases for these properties. However, the property owner has objected to such assignments.
- *** Closed on leasehold

Address Project Risks

The Port has capacity to lead in the following areas:

- Studies
- Plans
- Administration
- Land / Eminent Domain
- Relocation
- Construction / Demolition
- Assembly
- Cleanup
- Market Analysis
- Entitlement



Increase Project Value

- Zoning Bonus
 - Community Facilities
 - Transit
 - Plaza
 - Affordable Housing
- Co-Investment
 - Public sector investment in surrounding areas (structured parking, parks, education, cultural, transit, streetscape)
 - CIDs / BIDs (special assessments)
- Infrastructure
- Tax Abatements



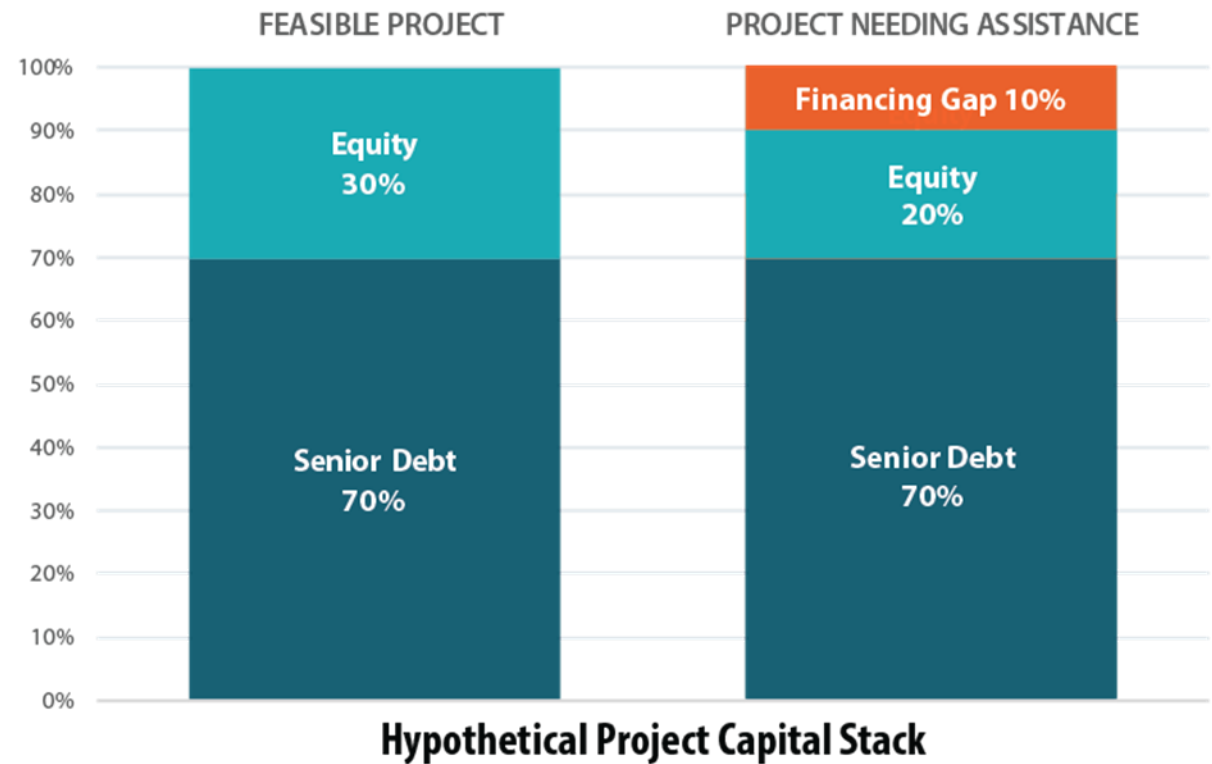
Lower the Cost of Capital

- Municipally-Controlled Tools
 - Tax-exempt bond financing
 - Industrial revenue bonds
 - Low interest rate loans
 - Tax increment financing (TIF)
 - Payment in lieu of taxes (PILOT)
 - Grants
 - Credit enhancement
- Other Tools
 - HOME
 - Section 108 loans
 - Economic Development Administration programs
 - EB-5
 - Foundations
 - Civic ventures

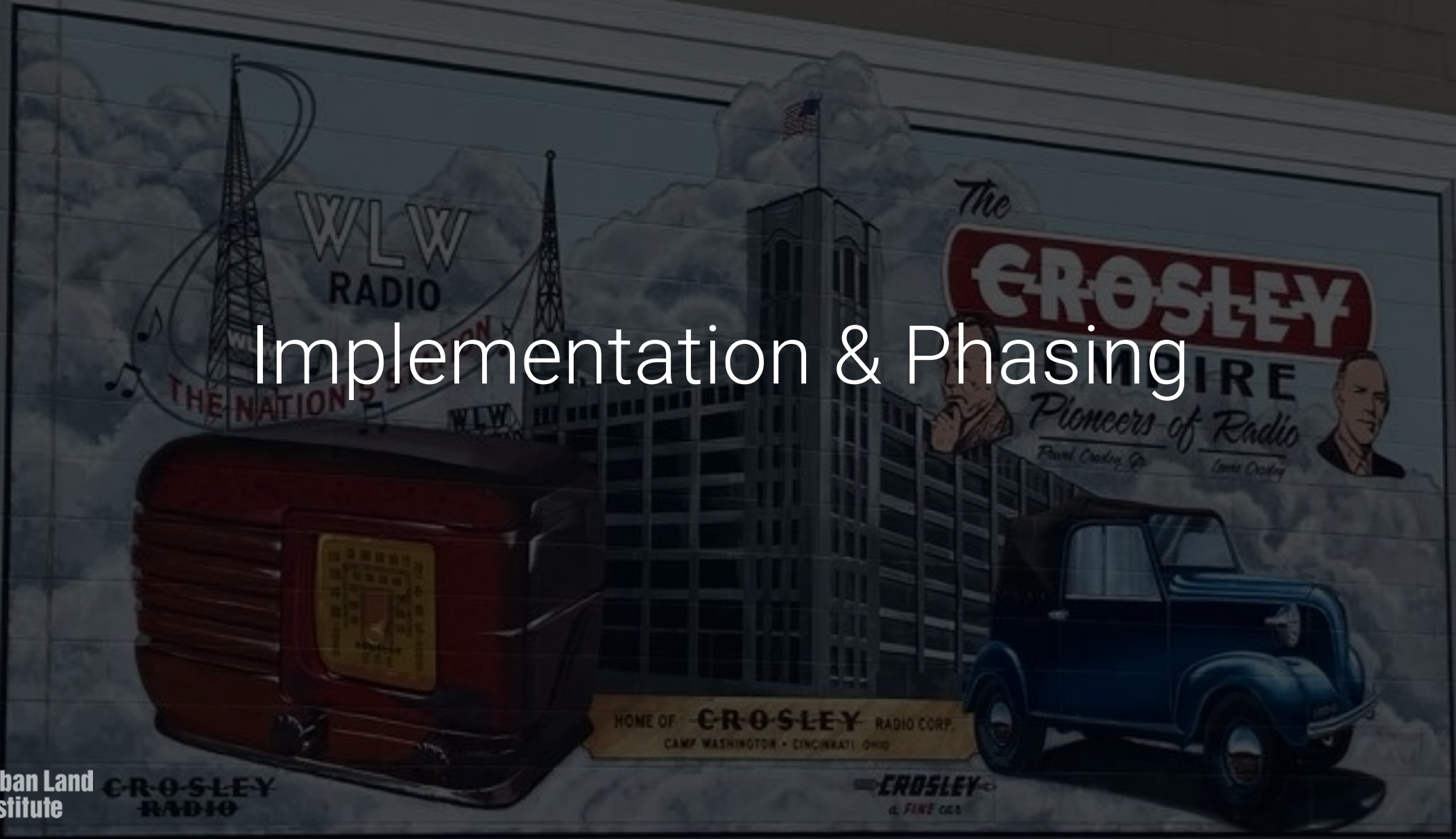


Reduce Project Costs (“Fund the Gap”)

- Tax Credit Programs
 - New Markets Tax Credit Equity (NMTC)
 - Low Income Housing Tax Credit Equity (LIHTC)
 - Historic Tax Credit Equity (HTC)
- Federal Opportunity Zone Equity
- Other Tools
 - Federal Home Loan Bank (AHP)
 - Soft Second Programs (e.g., Housing Opportunity Bond Fund, ABI Trust Fund, monetized TIF)



Implementation & Phasing



Strategy Implementation and Phasing Plan

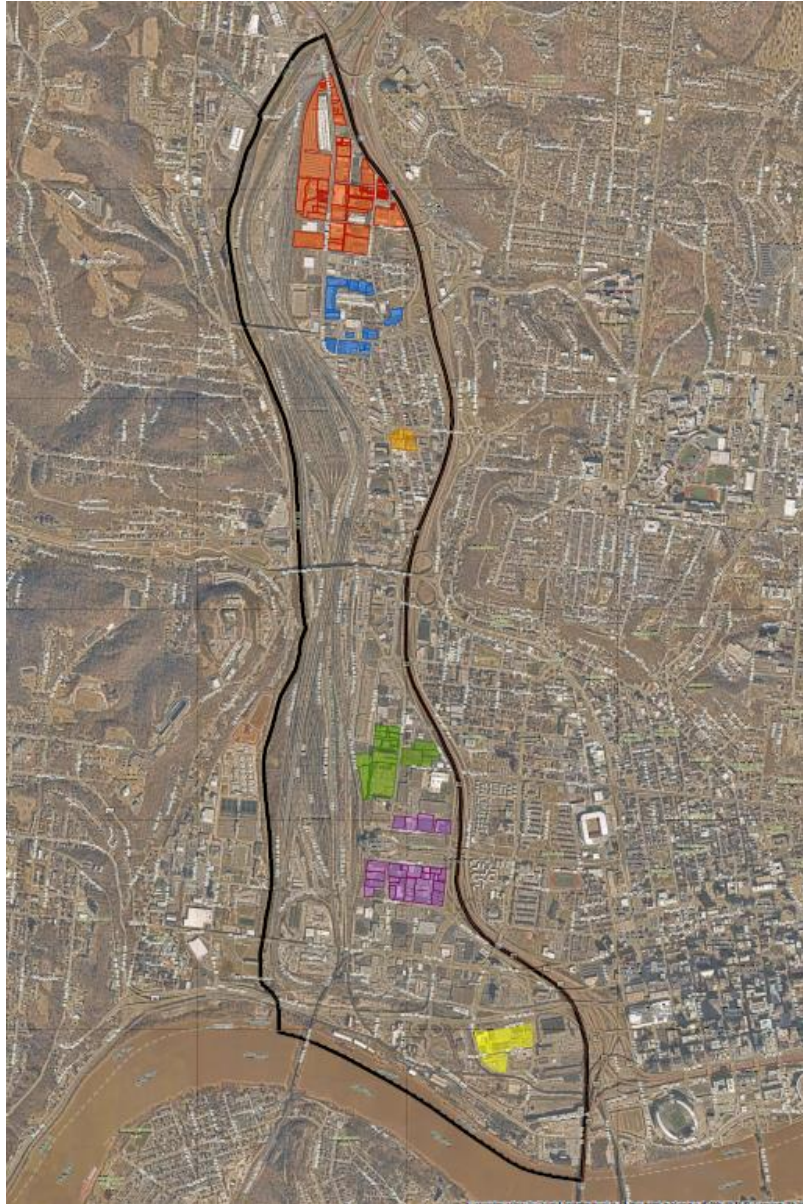
Mill Creek Valley District



HOPPLE STREET



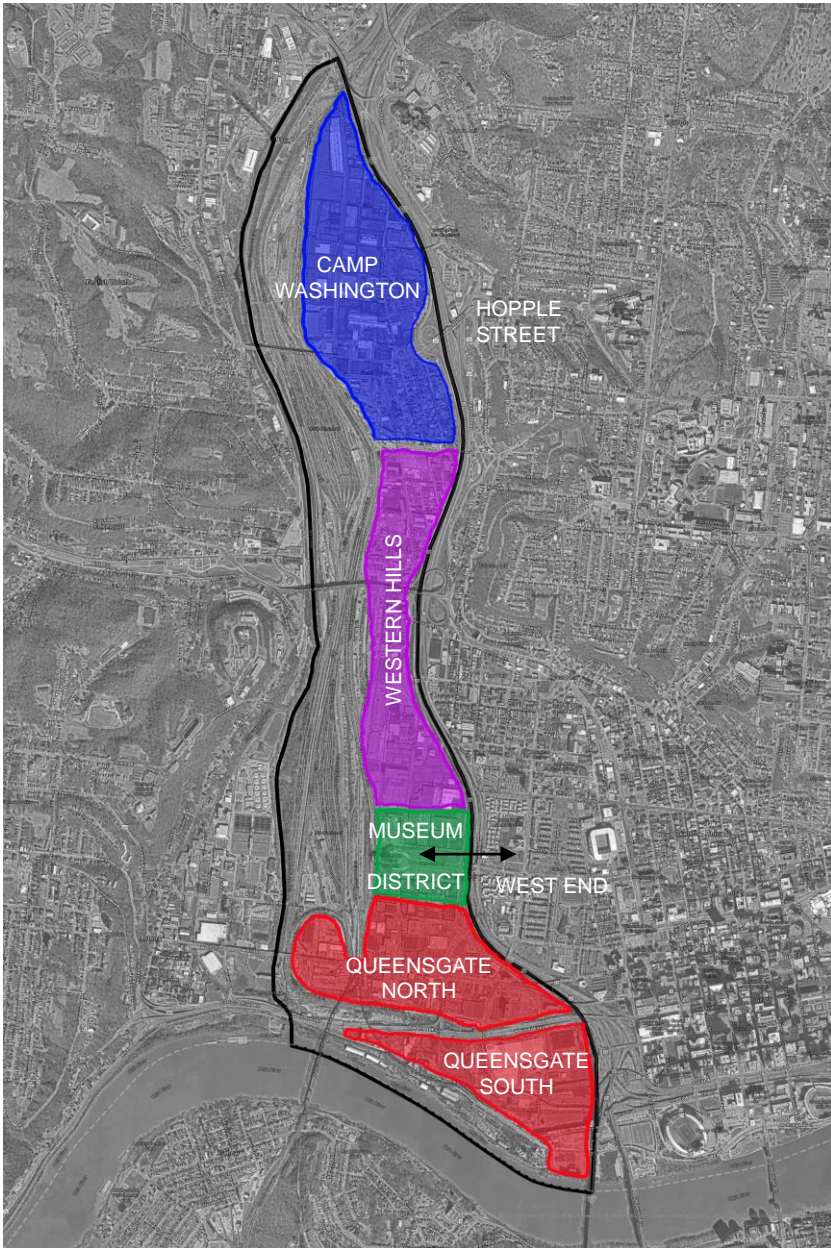
QUEENSGATE AND THE WEST END



Mill Creek Valley District

Master Planning

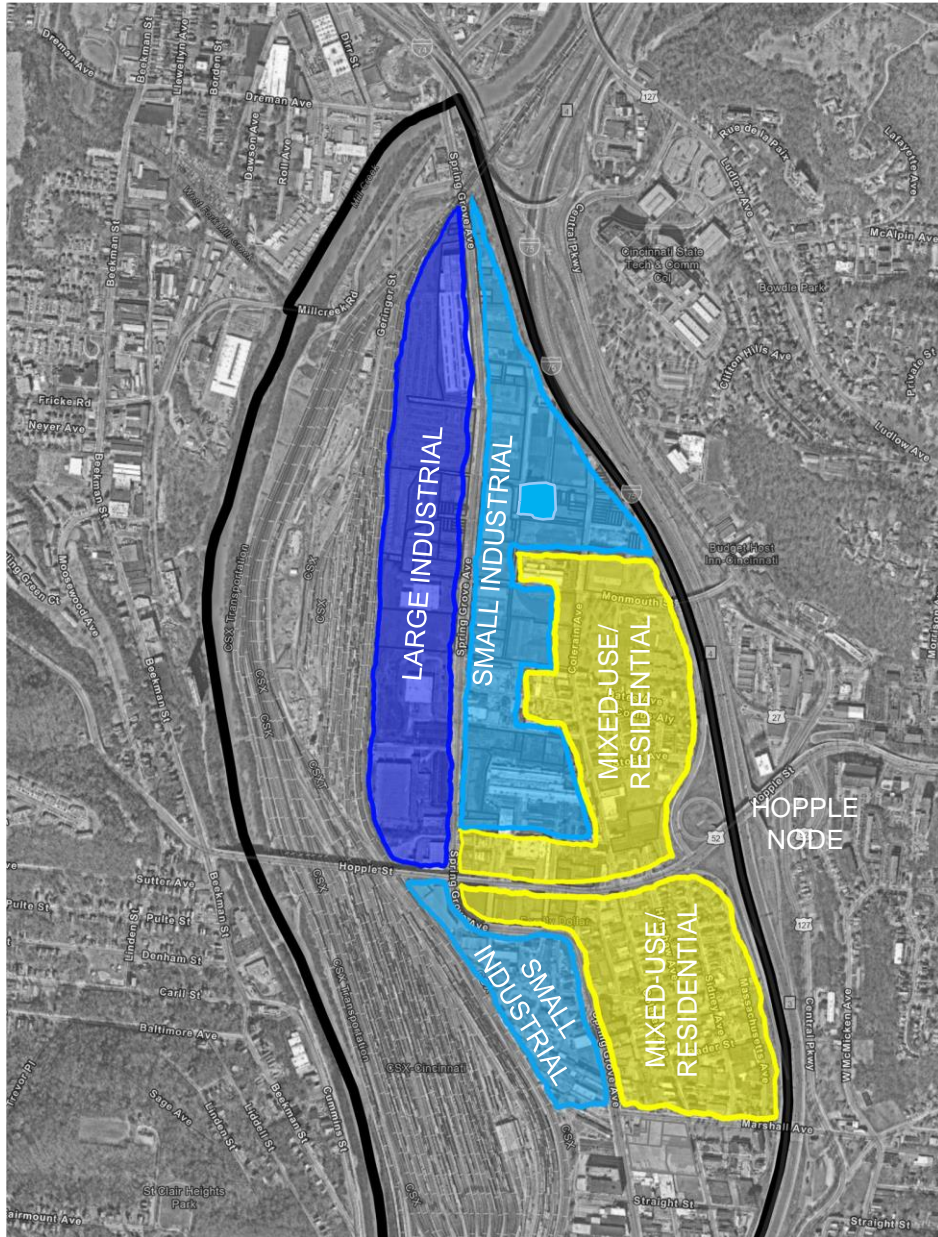
- Shared vision
 - Port to sponsor **District Master Plan** with all engaged stakeholders
 - Utilize and expand existing planning documents
 - Create community buy-in



Mill Creek Valley District

Planning around Connection Nodes

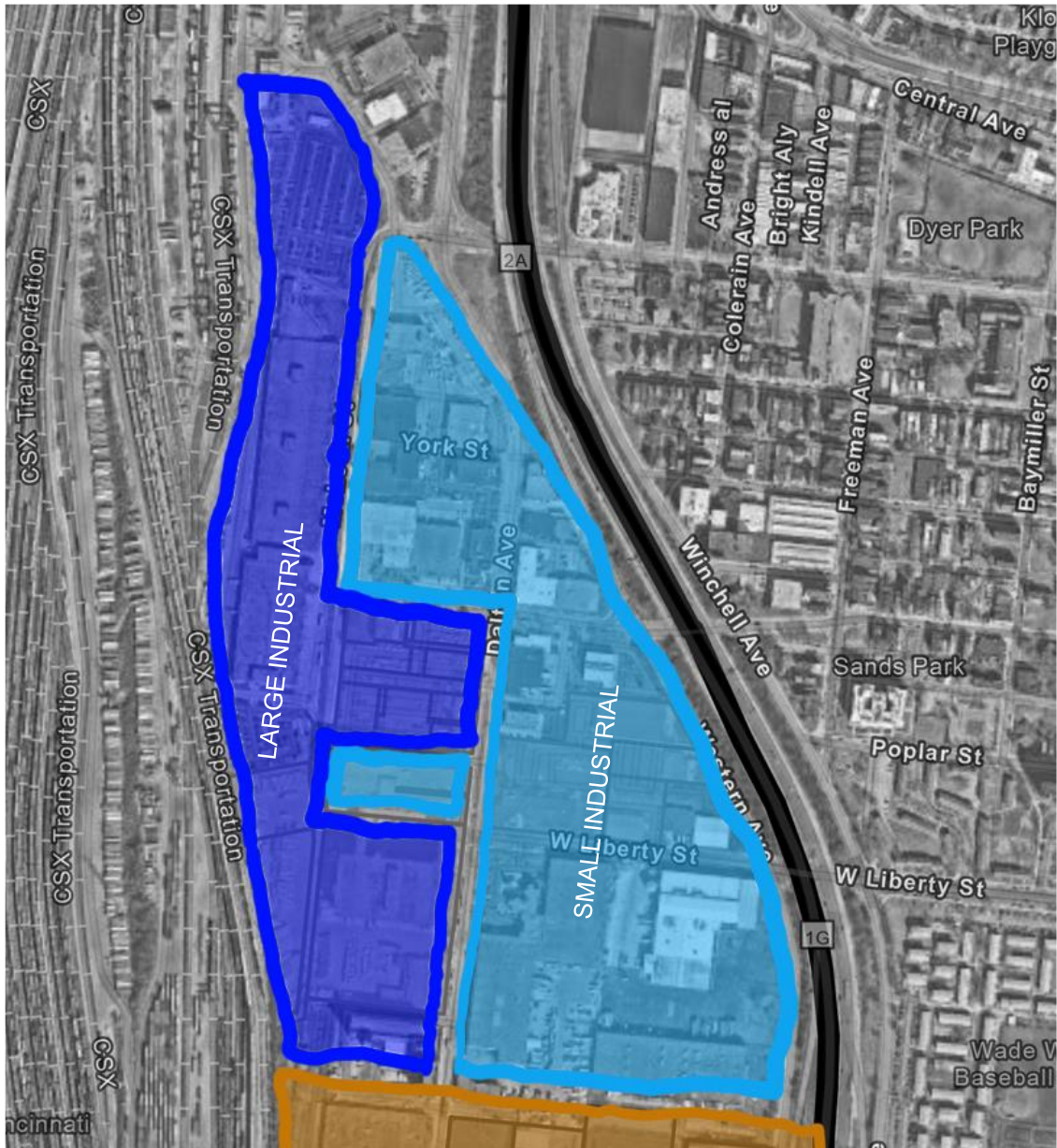
- Target planning in specific areas
 - Based on **Connection Nodes** more than established neighborhood boundaries
- Capitalize on new planned infrastructure to **increase access** into district at all nodes
 - Brent Spence Bridge
 - I-75 realignment
 - Western Hills Viaduct
- Coordinate **shared rail access**
- Incorporate **public transit**



Camp Washington North Hopple Street Node

Phased Implementation

- **Large Industrial >5 acres**
 - Assemble & prepare sites
- **Small Industrial / Flex Space <5 acres**
 - Assemble & prepare sites
 - Establish **shared district parking**
 - Test market with speculative building
- **Crosley Building as Catalyst**
 - Structured parking lower levels
 - Maker / flex space on upper floors
- **Mixed-Use Commercial & Residential**
 - Around the park
 - Include **workforce amenities**
 - Private sector, market driven



Liberty Street Node

Phased Implementation

- Low priority opportunistic acquisitions
- Large Industrial >5 acres
 - Assemble & prepare sites
- **Small Industrial / Flex Space <5 acres**
 - Assemble & prepare sites
 - Establish shared district parking



Union Terminal Museum Center

Phased Implementation

- Connection to **West End**
 - Separate from Industrial District
- Value Added Development
 - Assemble & prepare sites
 - Defensive acquisition
 - Private **master developed**
 - Retail, entertainment, recreational uses
 - **Shared parking** strategy
 - Market driven development



Queensgate South

Phased Implementation

- North of 5th Street W, Large Industrial >5 acres
 - Raze brewery building
 - Assemble & prepare sites
- South of 5th Street W, Compatible Social Service Use
- Coordinate improved access with I-75 relocation

Summary & Your Questions

Summary and Your Questions

Is this concept feasible—if we build it will they come?

- Yes:
 - Site ready parcels over 5 acres
 - Site ready parcels under 5 acres
 - Opportunistic and strategic land assemblages
 - Smaller scale light industrial/flex space spec structures in Camp Washington
 - District parking—surface and/or structured
 - Ownership of small (*i.e.*, <5,000SF) flex spaces
- No:
 - Large vertical manufacturing buildings



Summary and Questions

Are we ahead or behind peer cities or institutions doing “District” industrial development?

- Both—who is your peer?
- Your market will not support vertical manufacturing for many market cycles
- “District” makes a lot of sense in thinking about utilities, parking, branding, tenant selection



Summary and Questions

Are we crazy? Should we be thinking more incrementally?
Should we be going big or going slow?

- Go big with:
 - Land acquisition, especially assemblages
 - Renovation of Crosley Building
 - Large site clean-up in Camp Washington
 - Site clean-up in Queensgate
- Go incrementally and slower with:
 - Building construction, especially vertical industrial
 - Union Terminal district
 - Residential acquisition and/or development
 - Take the long short-cut: develop and share an overall vision for the districts with stakeholders, tenants, developers, and neighbors. ULI Cincinnati can help.
 - Build personal relationships and trust to better enable land acquisition
 - Setting investor expectations



Summary and Your Questions

Is our stake in the right place? Is it sufficient to create momentum? Should we keep there, or go next?

- Agree with your cluster philosophy to achieve nodes of critical mass and trigger private investment and transformation
- Don't assume all public land is available to The Port-- focus on what you actually own
- Sequencing and phasing are critical—and may change over time with the market
- As possible, consider acquisition of sites that access/reinforce connections to neighborhoods, rail, highway, and trails
- Union Terminal is a gem for the city, but lower priority for The Port





Conversation