

FINAL REPORT

Technical Assistance Panel
Final Report
April 2016



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01 INTRODUCTION

What is ULI?

ULI Cincinnati is the local district council of the Urban Land Institute. It is the premiere research and education organization, with nearly 30,000 members worldwide representing the entire spectrum of land use and real estate development disciplines working in private enterprise and public service. ULI is the region's thought leader in promoting sustainable, thriving communities. With approximately 150 members throughout the region, ULI Cincinnati pursues its vision by:

- Engaging people through active dialogue;
- Delivering unique experiences to a diverse membership;
- Capitalizing on ULI's global resources; and
- Building strategic relationships with regional stakeholders and leaders.

How the TAP Program Works:

ULI Cincinnati's Technical Assistance Panel (TAP) program brings expertise in real estate, urban planning, design, engineering and finance to provide analysis and recommendations to overcome land use planning and development challenges. For a TAP, ULI Cincinnati assembles an interdisciplinary team of established local and area professionals for a site/project review and brainstorming session.

This team of experts meets with stakeholders, visits a site, and examines the challenge from all angles. After a TAP session, ULI presents its findings to the client to illustrate potential responses to project challenges with a focus on practical and feasible options often driven by market demand/conditions.

How do TAPs work?

The sponsor of the TAP will typically request the services of a ULI TAP to address a specific issue that may be evaluated using the expertise of a panel of experts over the course of a day or two. After working with the appropriate District Council to refine the scope of the TAP topic, the panel is selected and a date is set. Next, the sponsor works within ULI guidelines to assemble appropriate background information and disseminate it to the TAP in advance of the site visit and review session.

Depending on the nature of the TAP topic, the Panel may convene in advance of the working session in order to visit the subject site in person, possibly led by the sponsor to provide background and commentary.

The panel will then convene. Depending on resources, availability and the nature of the project, a TAP panel may meet for only a number of hours for discussion and

brainstorming, or up to a couple of days on a charette-style convening.

At the conclusion of the TAP, a report will be prepared, either written or oral, and presented to the sponsor as a take-away deliverable. In some instances, the reporting can be augmented with visuals, renderings or preliminary concept plans to support the discussion findings.

How much does a TAP cost?

For this advisory service, a fee is customarily charged, though panel members are not compensated for their time. Each TAP differs from the next in topic, scope, and the effort required to produce the resulting deliverable. Fees are negotiated individually with the sponsor or client. The actual fee depends on the scope of the panel topic, the length of the convening, and the desired scope and detail of the deliverable.

Panel members donate their time to a TAP, though they are typically reimbursed for necessary out-of-pocket expenses. TAP members cannot be involved in matters pending before the sponsor, employed by the sponsor, or solicit work from the sponsor specific to the project for a period of time following the TAP. These measures are intended to ensure objectivity on the part of the panelists toward the topic of the TAP.

01 SPONSOR AND PANEL MEMBERS

Sponsors:

City of Mt. Healthy
Mt. Healthy, Ohio

Mt. Healthy Business Association
Mt. Healthy, Ohio

Community Building Institute
Cincinnati, Ohio

Mt. Healthy Renaissance Project
Mt. Healthy, Ohio

Hamilton County Planning & Development Community Development Division
Cincinnati, Ohio

Facilitator:

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Urban Fast Forward

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Paula Dombrowski
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ULI Cincinnati:

Kim Fantaci
District Council Coordinator

Matt Koesters
Matt Koesters Strategic Communications

01 BACKGROUND AND OBJECTIVE

Background

Several organizations interested in the long-term redevelopment of the Mt. Healthy area have been involved in engaging with the Cincinnati Urban Land Institute (ULI) for this Technical Assistance Panel (TAP). The primary project proponent was the City of Mt. Healthy, with the support of several other stakeholders, including area business owners.

The TAP focused on seven parcels located at the northeast corner of Hamilton and Kinney avenues. The subject area is in the core of the Mt. Healthy Central Business District (CBD), and includes three adjoining buildings facing Hamilton Avenue, a vacant parcel to the immediate east of the southernmost building, and a parking lot comprised of three separate parcels in the rear of the site. The site slopes downward from west to east.

The northernmost and southernmost buildings are owned by the city, while the building in the middle is privately owned. The northernmost building is occupied by an antique store with frontage along Hamilton Avenue, while a sub-level accessible from the rear of the building

is being used by another business for storage. The middle building is occupied by a taekwondo studio on the first floor, with an automotive repair business accessible from the rear. The automotive repair business makes use of the City-owned parking lot to the east. The southernmost building is occupied by a barber shop. Small, inexpensive apartments are located on the second floor of each of the buildings.

Objective

The objective of the TAP was to generate ideas for the redevelopment of the subject area. The discussion focused on identifying the best, most feasible use of the site that, at the same time, would mesh with the fabric of the existing Mt. Healthy Business District.

As the buildings in the subject area share several characteristics in common with structures on neighboring blocks within Mt. Healthy's Central Business District, the TAP panelists broadened the conversation to include the general character of the neighborhood, its advantages and disadvantages, and how the city might consider approaching redevelopment throughout the CBD.



01 NEIGHBORHOOD FACTORS

Mt. Healthy is a small, historic City in Hamilton County, Ohio, located a short distance north of the northern corporation boundary of the City of Cincinnati. Originally a stopover for horse-drawn travelers between Cincinnati and the City of Hamilton to the north, the city grew, and eventually railroad and streetcar lines transported Mt. Healthy residents into Cincinnati. While much of Mt. Healthy is residential and more than 90% of its residents commute to jobs outside of the city, it boasts a charming, historic downtown and amenities within its borders.

The city's primary business district is located along Hamilton Avenue, which runs north-south and is a significant regional thoroughfare. Mt. Healthy is bordered on its southern boundary by the City of North College Hill, and on its northern boundary by Springfield Township. Mt. Healthy's pattern of dense urban development along Hamilton Avenue continues the pattern observed in North College Hill. To the north, more suburban patterns start to emerge along the city's boundaries and in Springfield Township.

Resources and Challenges

Several historic mixed-use buildings line Hamilton Avenue within Mt. Healthy's business district. As one panelist noted, the business district

has a small-town feel, despite being close to an urban environment. The character of the neighborhood could potentially be leveraged as an asset to attract new businesses and residents to the city, particularly millennials that are looking for a place to settle down and raise families. The central business district is easily walkable for residents, many of whom live within six blocks of Hamilton Avenue.

However, several panelists noted that the buildings, and particularly retail storefronts at the focus area are "tired," and feature no visible signage. This is an issue that pervades the business district. Mt. Healthy has a low commercial retail occupancy rate. The city does not have a chamber of commerce, and its business association is run by one

volunteer. Beautification efforts are underway, but organizing and generating interest are both challenges.

Hamilton Avenue carries a large amount of traffic, particularly during the traditional morning and evening rush hours. The city's 2005 comprehensive plan calls for efforts to expedite traffic through the business district. However, as one panelist noted, heavy traffic is the city's ally when it comes to attracting and retaining businesses, and consequently, residents.

Lifestyle Tapestries

According to Esri Demographics, tapestry segmentation provides an accurate, detailed description of America's neighborhoods.



Panelists and stakeholders tour the study site ahead of the ULI Cincinnati Technical Assistance Panel in Mt. Healthy.

01 NEIGHBORHOOD FACTORS

Residential areas are divided into 67 distinctive segments based on their socioeconomic and demographic composition. In Mt. Healthy, the top three tapestry segments are:

- **Old and Newcomers** — Old and Newcomers is composed of neighborhoods in transition, populated by renters who are just beginning their careers or retiring. Some are still in college; some are taking adult education classes. They support environmental causes and Starbucks. Age is not always obvious from their choices.

- **Traditional Living** — Residents in this segment live primarily in low-density, settled neighborhoods in the Midwest. The households are a mix of married-couple families and singles. Many families encompass two generations who have lived and worked in the community; their children are likely to follow suit. The manufacturing, retail trade, and health care sectors are the primary sources of employment for these residents. This is a younger market —beginning householders who are juggling the responsibilities of living on their own or a new marriage, while retaining their youthful interests in style and fun.

- **Rustbelt Traditions** — The backbone of older industrial cities in states surrounding the Great Lakes, these residents are a mix of



An undeveloped parcel on the southern boundary of the study site may present an opportunity for development in the future.

married-couple families and singles living in older developments of single-family homes. While varied, the work force is primarily white collar, with a higher concentration of skilled workers in manufacturing, retail trade, and health care. Rustbelt Traditions represents a large market of stable, hard-working consumers with modest incomes but above average net worth. Family oriented, they value time spent at home. Most have lived, worked, and played in the same area for years.

02 AGENDA AND MAJOR THEMES

Agenda:

Prior to meeting for the TAP on May 26, 2016, each panelist was supplied with a packet of introductory and background information that included an explanation of the TAP and several attachments, including a full ESRI market profile, community feedback collected by the City, and the City's comprehensive plan.

The participants of the TAP toured the subject site prior to convening for the TAP. Led by ULI TAP moderator Philip Denning, the panelists toured the site and the Mt. Healthy business district and

reconvened at the Community Room at the City Park, located at 1541 Hill Avenue.

Mr. Denning opened the TAP by asking the participants for their general impressions of the subject site, including their impressions of the existing structures, the feel of the neighborhood, its positive and negative attributes, and their overall impressions of the business district.

Major Themes

The discussion of the subject site produced the following themes for consideration moving forward:

- Site control is an issue, as the city does not own all of the parcels contained within the study site. This means that an RFP would likely be unfeasible, especially in the near future;
- Small, incremental steps will likely be the approach needed to effect change in the neighborhood, including increased beautification efforts;
- The issues that affect the study site are symptoms of a more endemic issue shared by many of the buildings in Mt. Healthy's business district.

02 PANELIST IMPRESSIONS

Positive Impressions

Panelists first noted that the area in general has a surprising amount of density. Buildings in the study site, like many of the buildings nearby, have a historic look and feel. Despite the “urban” feel of its business district, Mt. Healthy has a small-town feel that one panelist said could potentially be appealing to millennials and young families. The site is easy to access and has good visibility from the main thoroughfare of Hamilton Avenue.

Although the last time they were updated was 25 years ago, the apartments above the retail spaces in the buildings at the study site are all occupied. That was a source of pleasant surprise for one panelist, who stated that the upper floors of buildings in neighborhoods like Mt. Healthy typically remain vacant. However, the tenants were paying rent well below standard market values.

The parking lot in the rear of the study site is an asset to nearby businesses. Additionally, there are other municipal parking lots nearby, which could lend to the feasibility of using the study site’s parking lot as developable land. The vacant lot on the southern boundary of the study site represents a possible infill opportunity, with both commercial and residential uses possible.

Negative Impressions

While they share the historic character of other buildings along Hamilton Avenue in Mt. Healthy, the buildings at the subject site appeared “tired” to the panelists. With secondary additions like awnings that diminish the visibility of storefronts and a lack of visible signage, the panelists agreed that the physical appearance of the buildings was less than desirable and in need of an update. The facade material is in need of improvement, and the interiors of the buildings, particularly the upper floors, have not been updated in 25 years or more.

Panelists noted that definitions in the marketplace are different now than in the past. Units that are to be considered “upgraded” by lenders or renters typically need to have been upgraded within the past five years. The sidewalks along Hamilton Avenue are in a state of disrepair, further detracting from the appearance of the site.

The city owns the majority of the parcels that comprise the study site, but one of the buildings, in the middle of the site, is privately owned. Site control was a contributor to the successful redevelopment of Cincinnati’s Over-the-Rhine neighborhood, among other examples discussed by panelists. The panelists were

unequivocal in their opinion that site control will be necessary if the city had plans to clear the subject site for redevelopment. If demolition is not considered, then “effective site control” would need to be established by forming a partnership agreement with the building’s owner.

Though the panel came to understand that the owner of the privately held building is willing to cooperate with the city’s redevelopment efforts, the panel cautioned that “effective” site control is different from “true” site control. Panelists noted that for development scenarios requiring involvement from private developers, true site control is an important component of garnering interest from the private market and minimizing risk from future financial lenders.

02 SITE PROGRAMMING/USE

An Incremental Approach

A new building on the study site would clearly signal change and give motorists on Hamilton Avenue the impression of forward momentum. However, the panel eventually agreed that demolition of the existing buildings on the site may not be the best first step.

The panelists agreed that small steps to improve the existing buildings on the study site would be needed to build momentum before pursuing more ambitious plans.

Improvements to the streetscape, the facades, and the storefronts would help set the stage for future development at the site. “It’s amazing what a fresh coat of paint can do,” one panelist said. Other panelists noted that visible signs of momentum would be positive, as they would make people take notice. Said one member of the group: “I think it is small steps; work with the existing building fabric and make some incremental changes.

Eventually, you can get around to renovating the apartments and retail.” Agreeing, another panelist described that approach as having “low-wallet impact”.

Citing a best practice, one panelist suggested that a local American Institute of Architects (AIA) group will sometimes host a weekend workshop where a group of local architects get together to brainstorm

design solutions for a finite area of ground. Such an event could be designed to consider the future of a site for the next 3, 5, or 20 years.

While some panelists argued that a large mixed-use development might not be feasible for the buildings at the site, others argued that younger, more affluent tenants might be attracted to live in the upstairs apartments if they were updated. Mixed-use development would present the best opportunity for sustainable economic growth that would bring both day and night activity, one panelist said. Office might be another potential use for the upper floors of the building. While panelists agreed that there is not a strong market for traditional office space in this location, they suggested that a startup or creative business looking for off-the-beaten-path space could be viable as a tenant.

On the first floor, panelists noted that retail use has the best potential to capitalize on exposure to through-traffic. However, the interior delivery conditions of the retail spaces would be very important to tenanting the building. Interested retail tenants will not want to spend more capital to engage in further building tenant improvements. Attractive interior conditions that go beyond the layman’s definition of “reasonable condition” would be expected by prospective tenants.

Regarding the market positioning of the retail district, the group engaged in a discussion about whether the business district serves primarily neighborhood needs or as a destination for the larger area. One panelist noted that the district, as currently constructed, is too long to serve as a purely locally supported district and that the size of the local population is simply not large enough to support the entire business district.

The congestion on Hamilton Avenue was seen as a competitive advantage; however, the businesses along Hamilton Avenue can do more to capitalize on this advantage. Suggestions included “emphasizing what’s inside” the buildings by pulling out activity from inside to the outside, or by making efforts to light the buildings up at night, inside or out. “I’m not sure what zoning says, but we need to bring people outside,” one panelist said. “It would be a shame to not capitalize on all that traffic.”

When discussing the local Fibonacci Brewery, they noted that “something like that can really make a difference in a real way. A single, young, interesting, retail business could be the element that brings attraction.” Two panelists also mentioned the BBQ restaurant across the street from the project site. While the business looked busy, it does not have outdoor dining. Panelists agreed that the

02 SITE PROGRAMMING/USE

activity and vibrancy provided by the business is relegated to the back where it is hidden from traffic and newcomers. One of the panelists commented on the opportunity for making a change to increase visibility and impact.

The parking lot in the rear of the study site could be the potential site of a farmer’s market. City officials in attendance told the panel that they were investigating this possible use. Panelists supported this concept, and suggested the stakeholders research or visit the Mad Lot in Covington. In Covington,

stakeholders took an incremental approach to making improvements, slowly building momentum and drawing attention to the site as an asset rather than simply a run-of-the-mill parking lot.

Overall, Mt. Healthy could benefit from this incremental approach. Panelists noted that in a multi-step strategic plan, the “highest and best” use of the site for the next 3-5 years might be a multi-purpose parking lot/farmer’s market (as opposed to a development site). Smaller portions of the strategic plan might be implemented simultaneously while

planning and other resources are invested to make longer-term big moves (e.g. new buildings). Eventually, the City and stakeholders will be capable of releasing RFPs for property redevelopment that target a specific user group (such as residential apartment developers) that fits within the larger strategic plan and vision. Walnut Hills was cited as a local entity using site-specific RFPs for smaller pieces of work.



A parking lot encompasses the eastern boundary of the Mt. Healthy study site. City officials told the ULI Technical Assistance Panel that it is investigating the possibility of hosting a farmers market at the site, a concept the panelists supported.

02 ADDRESSING A LARGER ISSUE

Many of the buildings of the surrounding business district are in similar or worse shape to the subject site. While revitalizing the subject site might be the first signal that something new and different is happening in the business district, the rest of the district will eventually need to follow suit.

The panel agreed that the City will need to be the driver of change. Currently, the City has capacity constraints. It has a Community Improvement Corporation, but the CIC's primary incentive tool is the ability to offer tax abatements to development projects. The City lacks a tax increment financing district, and cannot contribute significant funding to public-private partnership developments.

Although the TAP subject site may not currently be appropriate for development via RFP, there are other vacant, city-owned properties that may be eligible candidates for that approach. The addition of new, high-density residential developments could address stagnant population growth.

The group also engaged in a lengthy discussion about branding and social media. While opinions varied, all panelists were in general agreement that creating a "brand" is a worthwhile step. Discussion included the suggestion that the name "Mt. Healthy" is a useful

starting point for building the brand. Walnut Hills was suggested as a success story of a community using social media to make smaller improvements while they simultaneously work on larger property plays. These incremental, "tactical urbanism" approaches can be executed in early steps while planning for larger developments. However, one panelist did note that some of these interim steps may require property owners to spend some money and take risks.

It was also suggested to think more broadly about how to attract people to Mt. Healthy for events, and the group discussed the power of one or two really powerful "draws". Because simply having a brand alone will not be enough, panelists asked how can the city go a level deeper.

Panelists spent some time discussing the City's comprehensive plan. They suggested the plan is out of date — particularly the section that calls for expediting traffic on Hamilton Avenue. The group was nearly unanimous in the opinion that some traffic congestion should be viewed as an opportunity for advertising the work and progress happening in Mt. Healthy's business district.

If the City is going to make a concerted effort to pursue a land acquisition and development model, one panelist emphasized that the

city must establish control of developable land as soon as is possible. It must secure the cooperation of owners and developers where necessary. The panelist noted that prices for land acquisition quickly rise once plans for future development are made public.

Regarding the development and financing process, especially related to garnering interest from the private market, two panelists emphasized the proactive nature of the City in making big projects happen. "The City needs to get financial tools in the hands of developers. What are the incentives available? Historic incentives? Tax abatements? Others?" The panelists suggested that the answers to these questions, would direct the kinds of larger development projects that would be possible.

Next, one panelist interjected about the financial impacts on end use. While the City or community may decide that a mixed-use development with first floor retail is ideal, a broker may be limited to finding non-credit tenants in need of having tenant improvements financed for them. In that scenario, it might be possible that a senior housing development would be easier to "get off the ground" because of certain financial tools that might be available. The panelists noted that the City should

02

ADDRESSING A LARGER ISSUE

not be “pigeonholed by want, because lenders are going to be bring their own list of alternatives based on existing incentives.”

While discussing residential development, panelists noted that while residential momentum seems to be important for the future of the City, stakeholders should keep in mind that building owners have existing tenants because they, too, have bills to pay and not endless supplies of capital for investing into their properties.

One panelists suggested taking a scattered site approach focused on improving existing residential in the surrounding area before putting new housing on the subject site or nearby sites. Scattered-site, improved residential housing could also have the added benefit of raising average residential rental rates which would improve the market outlook for both future developers and lenders. Currently, depressed rental rates make it hard for outside developers to justify investing in property development. Another panelist supported this notion that pushing residential rents upward is important, stating, “We do that by improving surrounding sites and pushing rents. That makes this site more viable. With improvement costs of \$80 - \$100 per square foot, consider how long it will take an investment to be recouped with rents of \$10 or \$12 per square foot.”

A variety of examples were suggested by panelists as communities for Mt. Healthy to investigate. These included:

- Grandview (outside of Columbus): An urban community not too dissimilar from Mt. Healthy. That community was noted as having seen successful infill development that is 2-5 stories in height;
- Madisonville: A community that is seen as up and coming, but has not yet “happened;”
- Monmouth Row in Newport;
- Pleasant Ridge;
- Loveland Station Apartments: A four-story development on a sloped site with a big footprint, Loveland Station may have been subsidized by the City of Loveland;
- College Hill: In time, the neighborhood might serve as a best practice.

02 THE WAY FORWARD

Be Strategic

While the incremental renovation of the study site will be a welcome signal of change in Mt. Healthy, the city needs to establish a vision for its entire CBD and update its strategic plan to reflect that vision. Panelists suggested that the city should consider what it wants its identity to be going forward; is Mt. Healthy a place people go home to, or is it a destination for others outside of the community? That starts with the creation of a strategic plan that includes phasing, a specific checklist of tasks, assigned responsibilities, and new financing sources and opportunities. The city must be the driver of change.

Tell the Story

The creation of a brand that spells out what the community is about, what it has to offer, and where it is heading will be vital for the city will help craft that vision. Mt. Healthy has an opportunity to build its brand as a healthy community. With plentiful land in the residential corridors, urban farming is an increasingly popular vocation

which, if properly marketed, might potentially attract new residents. While adding bike lanes to Hamilton Avenue is unfeasible given a lack of other existing bicycle infrastructure, bike paths might be added to secondary streets.

Start Small to Get Creative

The parking lot in the rear of the study site could become a key component to the implementation of that brand. A model for the development of the parking lot into a destination could be the Mad Lot in Covington, which started off as something boring. But as time went on and the community became more engaged, the Mad Lot transformed from a space into a place. That sense of place is something that could be achieved in the study site lot.

Find a Champion

To facilitate the implementation of the new strategic vision, the panel recommends hiring a “Main Street Manager,” a full-time employee responsible for turning that vision into a reality. The Main Street Manager ideally would be

ambitious, energetic, and enthusiastic about engaging and securing the buy-in of stakeholders throughout the CBD. He or she should be tasked with implementing the strategic plan. This new employee would also be responsible for implementing a social media strategy that engages the city residents and promotes Mt. Healthy to outsiders. The employee would be responsible for engaging building owners and local business tenants, getting them involved in streetscape clean-up efforts to create a sense of place throughout the CBD.

Consider Resources

The city must take steps to identify and secure funding sources to address capacity constraints for its redevelopment efforts. Options might include the creation of a tax increment financing district, the securing of grants, and the establishment of a community development nonprofit. These mechanisms will aid in the city’s efforts to establish control over properties eligible for redevelopment.

02 WRAPPING UP & NEXT STEPS

ULI Cincinnati sincerely hopes the city of Mt. Healthy and other area stakeholders found the discussion from the TAP session valuable to the future of this neighborhood, and to the ongoing planning efforts of these groups. There is no single answer with respect to real estate and community development issues,

as evidenced by the panel discussion. This TAP process was intended to bring thought leadership and ideas to the client – not decisions.

Thanks to the community partners who made this TAP possible. Moving forward, area community

groups and stakeholders should consider the ideas, concepts and considerations discussed during the TAP and summarized herein as a springboard for planning and revitalization for the Mt. Healthy Central Business District.