

# ULI Case Studies

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## 21c Museum Hotel Cincinnati



*Originally constructed in 1912 and listed on the National Register of Historic Places, the ten-story 21c Museum Hotel Cincinnati is built of steel and concrete and faced with brick and terra-cotta.*

### PROJECT SUMMARY

The 21c Museum Hotel Cincinnati is an innovative hybrid of a vibrant contemporary art museum and a 156-room boutique hotel that is at the hub of a growing arts and entertainment district and has contributed to the revitalization of Cincinnati's downtown. A masterful orchestration of century-old historic details and clean modern design characterizes the project. The building was redeveloped from a property that originally hosted a hotel built in 1912. Visitors to the hotel can enjoy the 3,082-square-foot fine-dining restaurant and 8,000 square feet of gallery, meeting, and event space dedicated to exhibiting art of the 21st century. Open to the public free of charge, 24 hours a day, seven days a week, the 21c Museum Hotel features rotating curated exhibitions of the work of living artists, including site-specific multimedia installations.

A distinctively different hotel, the 21c Museum Hotel Cincinnati features not only historic architecture but also fine art in a museum-quality setting. The project is also an exemplary

public/private partnership. To succeed, the developer and the partnership had to overcome substantial market challenges; in fact, the hotel was the first full-service hotel to be developed

### QUICK FACTS

**Location**

Cincinnati, Ohio

**Project type**

Hotel

**Site size**

0.346 acres

**Land uses**

Hotel, museum, retail, restaurant, meeting space

**Keywords/special features**

Historic preservation, mixed-use development, public/private partnership, renovation, new markets tax credits

**Website**

[www.21cmuseumhotels.com/cincinnati](http://www.21cmuseumhotels.com/cincinnati)

**Project address**

609 Walnut Street  
Cincinnati, Ohio 45202

**Master developer**

21c Museum Hotels  
Louisville, Kentucky  
[www.21cmuseumhotels.com](http://www.21cmuseumhotels.com)

**Development partner**

Cincinnati Center City Development Corporation (3CDC)  
Cincinnati, Ohio  
[www.3cdc.org](http://www.3cdc.org)

**Design architect/interior design**

Deborah Berke Partners  
New York, New York  
[www.dberke.com](http://www.dberke.com)

**Executive architect**

Perfido Weiskopf Wagstaff + Goettl  
Pittsburgh, Pennsylvania  
[www.pwwgarch.com](http://www.pwwgarch.com)

in Cincinnati in 28 years. Opened in November 2012 in the city's central business district, the \$57.4 million redevelopment is in the fortunate position of being both a major contributor to—as well as benefiting from—the recent economic and cultural resurgence in the city's downtown. Major redevelopments, such as the Banks on the nearby riverfront, and the Over-the-Rhine neighborhood (just north) have stimulated new retail, restaurant, and residential activity downtown that attracts locals and tourists.

## The Site and Development Background

Cincinnati's central business district, with more than 18 million square feet of office space and 61,000 full-time employees, hosts the headquarters of seven Fortune 500 companies. The

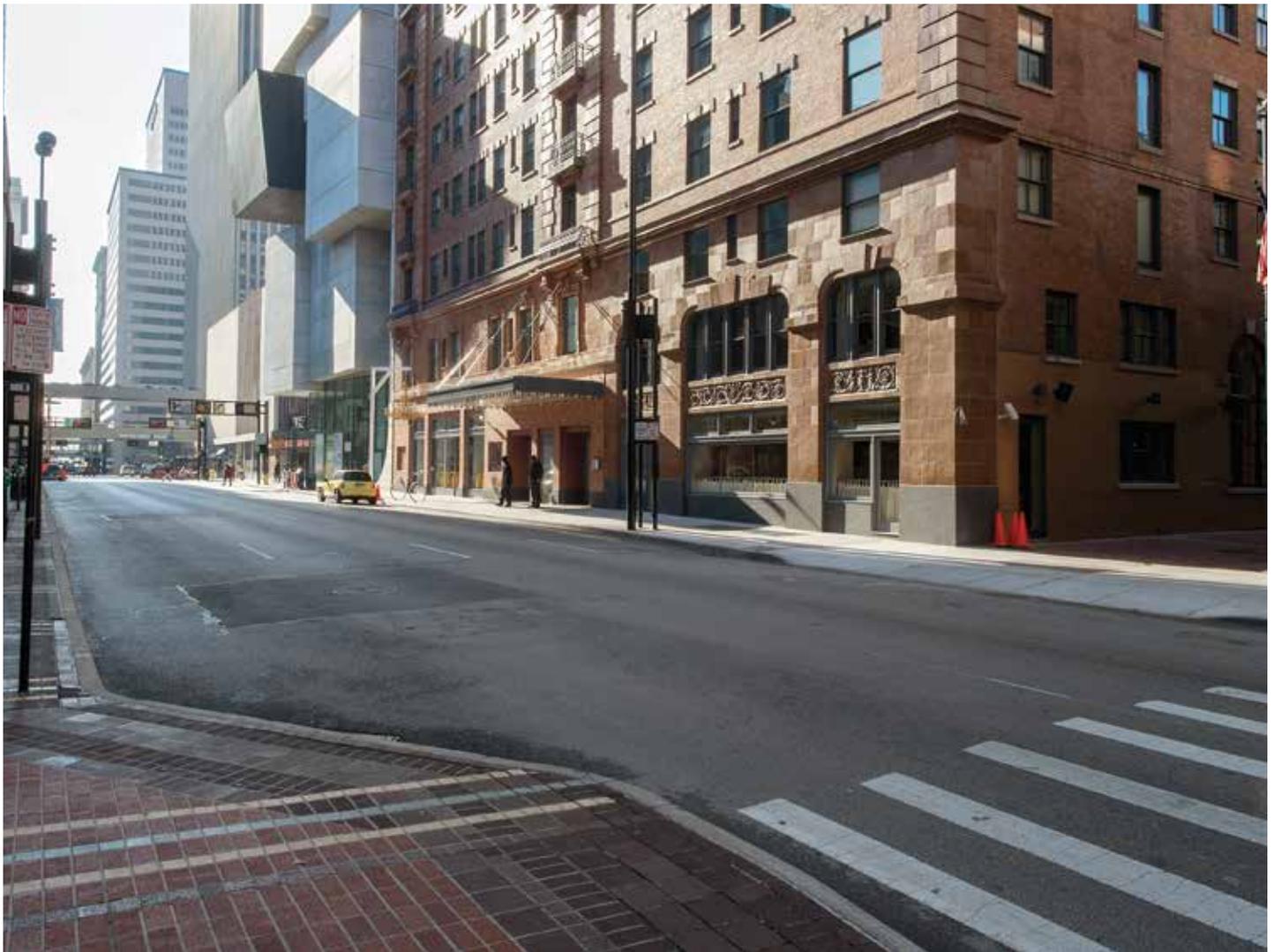
city's 21c Museum Hotel is very much in the center of the downtown and at the hub of the Sixth and Walnut arts and entertainment district, with the Aronoff Center for the Arts right across the street and the Zaha Hadid–designed Lois & Richard Rosenthal Center for Contemporary Art next door.

Looking back just a dozen years, Cincinnati's recent past—and the history of the 21c Museum Hotel Cincinnati building itself—offers the story of many an urban downtown, with a fresh trend of economic revitalization after a period of disinvestment and suburban migration.

In 1912, the building housing the current 21c Museum Hotel Cincinnati—now listed on the National Register of Historic Places—opened as the ten-story Metropole Hotel, built of steel and concrete and faced with brick and terracotta. The neoclassical revival building originally featured 178 guest rooms, an expansive hotel

lobby, a formal dining room, a grand ballroom, a semicircular staircase from the basement to second floor, and decorative plaster ceilings. A 1924 addition to the hotel added another 222 guest rooms and a penthouse. The hotel stayed in operation until 1971, when the property underwent a \$3.55 million remodeling and conversion to low- and moderate-income subsidized apartments, consisting of 220 one-bedroom units and ten efficiencies. However, in the following decades, the property faced deteriorating living conditions and increasing crime issues.

In 2009, a local development organization, the Cincinnati Center City Development Corporation (3CDC), acquired the building for the purposes of revitalization and over the next 18 months worked with remaining tenants to provide them with counseling and relocation services. Observes Stephen G. Leeper,



21c MUSEUM HOTELS

*Located in the heart of downtown Cincinnati, the development emerged from a public/private partnership with 21c Museum Hotels, the city of Cincinnati, and the Cincinnati Center City Development Corporation, a nonprofit real estate development and finance organization also known as 3CDC.*

president and chief executive officer (CEO) of 3CDC, “Acquiring the old Metropole Hotel was partly based on intuition. We said, ‘Why wait?’ We saw it as a special building that could be a success as a hotel.” In 2011, 3CDC entered into a development agreement with 21c Museum Hotel Group and helped facilitate the purchase of the property by 21c Museum Hotels.

## The Idea and Concept

The creative force behind 21c Museum Hotels is Laura Lee Brown and Steve Wilson, wife-and-husband art collectors and entrepreneurs based in Louisville, Kentucky. Brown is the great-granddaughter of the founder of liquor company Brown-Forman, whose brands include Jack Daniel’s and Southern Comfort. Wilson is a former public relations officer for four Kentucky governors. Born of a passion to integrate contemporary art into everyday life, the original 21c Museum Hotel opened in 2006 in Louisville.

The inaugural 21c Museum Hotel in Louisville has since bred seven more 21c Museum Hotels that are open or under development in Cincinnati, Ohio; Bentonville, Arkansas; Durham, North Carolina; Lexington, Kentucky; Kansas City, Missouri; Nashville, Tennessee; and Indianapolis, Indiana. Each is its own distinctive blend of community restoration project, cultural institution, and social hub. In merging a hotel and a museum, this novel approach is grounded in the founders’ belief that art can drive commerce. Curated by a staff of ten in 21c’s museum department, each hotel displays selections from the couple’s modern art collection throughout the property, in guest rooms, lobbies, restaurants, and extensive on-site galleries that host rotating shows and double as event and meeting spaces.

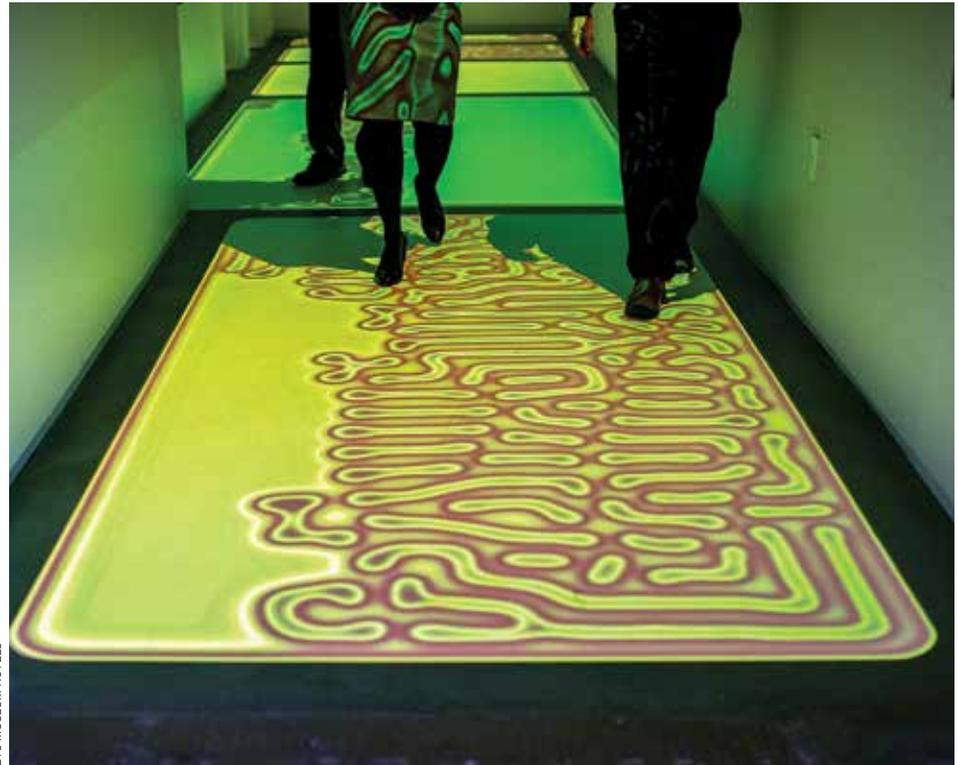
The Cincinnati hotel’s location in the central business district is ideal; when it opened in November 2012, the property sought to advance 21c’s mission of engaging the public with contemporary art and supporting the revitalization of urban areas. It’s a recipe that has proved highly popular: 21c Museum Hotel Cincinnati was ranked as the number-one hotel in the United States by readers of *Condé Nast Traveler* in 2013.

Visitors and residents of Cincinnati alike can enjoy 8,000 square feet of gallery, meeting, and event space dedicated to exhibiting art of the 21st century. Open to the public free of charge, 24 hours a day, seven days a week, the hotel



21c MUSEUM HOTELS

*The 21c Museum Hotel Cincinnati offers a wide range of arts events, including rotating curated exhibitions, interactive site-specific installations, and a full roster of cultural programming.*



21c MUSEUM HOTELS

*Art is even located on the floor in passageways.*



A signature at all 21c museum hotels is a flock of movable, larger-than-life penguin sculptures by artist collective Cracking Art Group.

museum features rotating curated exhibitions of the work of living artists, including site-specific multimedia installations. Other cultural programming, such as poetry readings, film screenings, artist lectures, and live performances, are also regular offerings. The organization collaborates on arts initiatives with artists and cultural organizations worldwide, including lending works of art to major museums—among them the Massachusetts Museum of Contemporary Art (MASS MoCA), the Contemporary Art Museum Houston, and the National Gallery of Canada.

## The Development Team and the Approval Process

The development of the 21c Museum Hotel in Cincinnati emerged from a public/private partnership with the 21c group, the city of Cincinnati, and nonprofit real estate development and finance organization 3CDC. The project also involved a grant from the city of Cincinnati and the strategic use of state and federal historic preservation tax credits as well as state and federal new markets tax

credit (NMTC) allocations from three community development entities (CDEs): Cincinnati New Markets Fund (operated by 3CDC), Cincinnati Development Fund, and Fifth Third Community Development Corporation.

3CDC was formed in 2003 by Cincinnati's corporate leaders, in partnership with the city, to address the declining urban core in the city's central business district and the Over-the-Rhine neighborhood. It seeks to create great civic spaces, support high-density mixed-use development, preserve historic structures, improve streetscapes, and establish diverse, mixed-income neighborhoods supported by local businesses and institutions. 3CDC manages over \$250 million in investment funds, which provide essential financial capital for downtown development activities. 3CDC's operations are funded privately, primarily through contributions from local corporations and civic institutions.

In 2009, the 609 Walnut Street property was a troubled subsidized apartment complex. 3CDC recognized the significance of the former Metropole Hotel property for downtown revitalization and spent nearly a year in negotiation

with the original owner, eventually acquiring the property for \$6.25 million with the intention of seeking a partner for the redevelopment.

The first item of business was to take control of the property while fairly and equitably relocating the 208 low-income apartment tenants—many of whom were elderly, had mental health issues, or both—to affordable housing units with necessary services elsewhere in the community. This rehousing effort, involving the services of a professional firm, became an 18-month process that concluded in 2011.

Then, the big question: an end user was not yet lined up. Due diligence on the site made the prospect of the property's reconversion to a hotel seem promising, but 3CDC needed to attract an owner/operator and help develop a financing plan. Yet, although 3CDC wanted to serve as a catalyst for redevelopment by another partner, it also wanted to wait for the right opportunity.

Craig Greenberg—then counsel for 21c and now 21c Museum Hotels president—had been working with 3CDC on unrelated NMTC initiatives. Aware of Greenberg's involvement

## 21C MUSEUM HOTEL SITE



The site is at the hub of the Sixth and Walnut arts and entertainment district, with the Aronoff Center for the Arts across the street and the Zaha Hadid–designed Lois & Richard Rosenthal Center for Contemporary Art next door.

with 21c, Leeper and his colleagues invited Greenberg and 21c cofounder and CEO Steve Wilson to visit the Metropole building. Greenberg and Wilson were interested in extending the 21c Museum Hotels brand beyond its inaugural Louisville property. The old Metropole site in Cincinnati was an attractive option, and 21c decided to focus on the site for its second museum hotel location.

When it came to negotiations with the 21c Museum Hotel group, according to Leeper, “We knew we had found someone who could be a trusted partner.” In 2010, 21c Museum Hotels LLC purchased the site from 3CDC for \$6.4 million, a price that included the costs for the relocation efforts coordinated by 3CDC. Thus began the 21c Cincinnati partnership.

### Development Finance

The rocky postrecessionary economic climate in 2011–2012 made a traditional financing package difficult, if not impossible, for hotel development. 21c’s strategy was to be creative, cooperative, and patient. One advantage was that construction pricing was relatively competitive because of the limited development happening in a slow market.

3CDC worked with 21c to assemble the capital stack to accomplish the \$57.4 million project—an especially complex task amid the economic upheavals of 2009–2010. Public incentives not only were critical to make the project economically viable but also involved a delicate balancing act to comply with the

varied array of rules and regulations. In total, 21c leveraged \$31 million through federal, state, and local incentivized programs.

3CDC negotiated financing with the city that included a \$2.5 million grant and project-based tax increment financing that netted the project \$3.8 million. The public/private partnership is in the form of this financing support from the city; 21c wholly owns the hotel site.

The deal was also layered with state and federal historic tax credits and NMTCs. To fill the financing gap, the project participated in the newly created Ohio State NMTC program, and critical federal NMTC allocations totaling \$17 million made 21c Cincinnati possible through a cooperative of three CDEs—Fifth

Third CDC, Cincinnati Development Fund, and Cincinnati New Markets Fund.

The federal NMTCs, established by Congress in 2000, allow individuals and corporate taxpayers to make qualified equity investments into CDEs and in exchange receive a 39 percent credit against federal income taxes, distributed over seven years, along with any anticipated return on their investment in the CDE. The CDEs' loans and capital investments in this program are directed to drive economic and community development in qualified low-income neighborhoods.

3CDC's use of NMTCs involved a split structure, with both a leveraged model and a direct loan model. 3CDC reserved \$6 million of NMTCs for a direct loan program implemented through its Cincinnati New Markets Fund. Under this program, the Cincinnati New Markets Fund provided a nonrecourse, subordinated loan to the developer of the 21c Museum Hotel project—a qualified NMTC project in an approved area—at a very low 2 percent interest

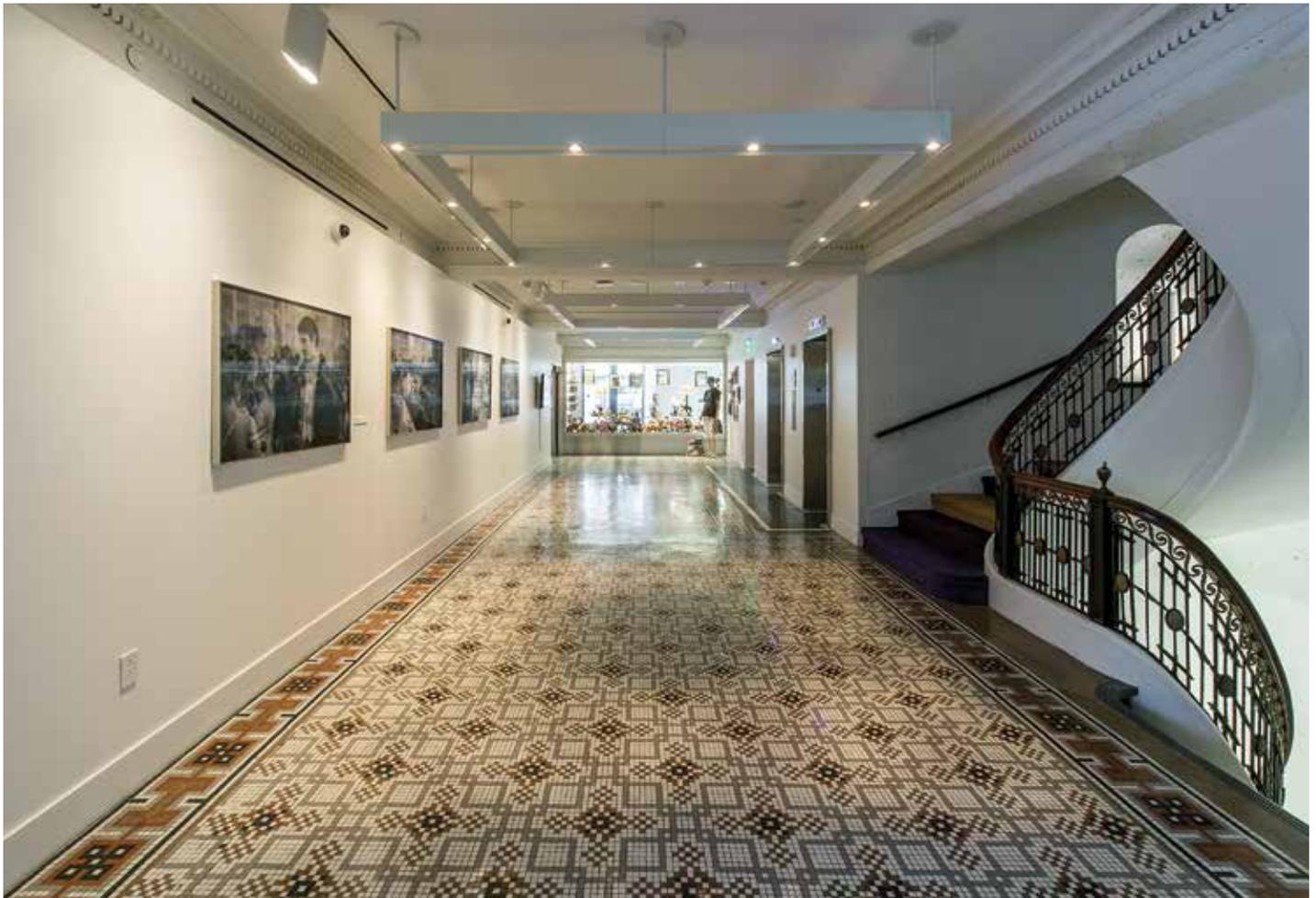
rate. The local corporations investing in the Cincinnati New Markets Fund received the applicable tax credits, as well as the income from the 2 percent interest on the loan.

State and federal historic preservation tax credits of \$7.7 million also were an important financing tool in 21c's rehabilitation of the historic building, listed on the National Register of Historic Places. The tax credits are equal to 25 percent of qualified rehabilitation expenditures incurred as part of historic rehabilitation projects. Qualified rehabilitation expenditures include both hard and soft costs, generally consisting of improvements made to the building structure, interior, and systems, as well as design and engineering services. The project achieved a careful balance to preserve what remained of its historic character while complementing it with contemporary art and design.

As both developer and owner of the project, 21c included in its investment in the project a deferred developer fee paid through operations revenue.

Construction financing was provided by loans from Build Cincinnati Fund (\$4 million) and Republic Bank & Trust Company (\$9 million). The Build Cincinnati Fund loan was through Cincinnati Development Fund, a nonprofit lender that finances community revitalization in Greater Cincinnati. 21c replaced this \$13 million of construction financing with permanent long-term financing from Republic Bank.

21c Museum Hotels did not approach the Cincinnati project with a particular return threshold in mind. Rather, the development was seen as an outstanding opportunity to cultivate exposure for 21c while expanding the brand to a second property. Notes Greenberg, "This is about more than a return on investment. It is about revitalizing a neighborhood and demonstrating the power of art as an economic driver." 21c viewed the strength of the local partner, the uniqueness of the site, the potential cultural and economic impact of the transformation, and the community's embrace of the project as project assets.



21c MUSEUM HOTELS

Throughout the building, hallmarks of the original grand Metropole Hotel have been preserved, including original mosaic tile floors in the restaurant and elevator lobby.



21c MUSEUM HOTELS

*The 21c rooftop cocktail terrace is a popular spot that offers sweeping views of downtown Cincinnati.*

## Planning and Design

The hotel restoration and redevelopment is a masterful orchestration of century-old historic details and clean modern design, crafted by design architects Deborah Berke Partners. The result reflects the character of the 100-year-old former Metropole Hotel, while creating a showcase for the work of living artists. Berke and her team collaborated with executive architect Alan Weiskopf of Perfidio Weiskopf Wagstaff + Goettel, a firm recognized for its significant experience in historic preservation projects.

Throughout the building, numerous features of the original Metropole Hotel can be found, including exterior terra-cotta tile, original mosaic tile floors in the adjacent Metropole restaurant and elevator lobby, restored arched windows, historic plaster and molding, and a sweeping staircase from the lower level to the second floor.

The construction and design of the 21c Museum Hotel Cincinnati was not without challenges. The Metropole building, originally an elegant hotel, had been allowed to fall into disrepair, and many of the original features had been built over. The building was constructed in two phases: the original structure was completed in 1912, and an addition was built in 1924. When renovation began and the midcentury additions and layers were peeled back, it became apparent that the two buildings had major disengagements and that not all of the floors were lined up between them. A challenge was to align these mismatched floors, given contemporary building codes for universal accessibility and fire escape routes.

Many of the challenges inherent when historic meets contemporary have been transformed into opportunities by the design team, such as the transformation of a historic air shaft into a ten-story solarium, featuring a site-specific contemporary art installation of LED tapestries woven by Danish artist Astrid Krogh.

The standout space in the 21c Museum Hotel Cincinnati is the 8,000 square feet of contemporary art exhibition area, seamlessly integrated into the property as meeting and event space. It is open to the public free of charge, 365 days a year. The main gallery with adjacent prefunction space allows banquet seating for 150 or receptions up to 350.

In addition, the museum-hotel design approach embraces all public space as a realm for modern art exhibition, accompanied by flexible, high-quality lighting; wiring for multimedia display; and sturdy walls for installations. Featuring a wide range of spaces, equipped with the latest audiovisual technology and large, light-filled windows, the property can accommodate events ranging from an intimate cocktail gathering to board retreats, executive meetings, and weddings.

The approximately 3,000-square-foot Metropole restaurant, named after the former hotel on the site, offers a warm and lively



*The standout space in the 21c Museum Hotel Cincinnati is the 8,000 square feet of contemporary art exhibition area seamlessly integrated into the property as meeting and event space.*

space with historic mosaic tile floors. Its copper and wood surfaces center on the custom-built, wood-burning fireplace. Additional retail space includes the rooftop Cocktail Terrace, serving creative cocktails, beer, and wine and overlooking the city's skyline, and the 21c Museum Shop, with an emphasis on sustainable products, featuring artists' work among its souvenir and gift items for purchase.

Guest rooms have custom-designed furniture and a distinctly residential feel.

Movable, larger-than-life yellow penguin sculptures dot the property. A signature at all 21c museum hotels—although each hotel's penguins are a color unique to that site—a flock of these limited-edition sculptures, by artist collective Cracking Art Group, is on permanent exhibition around the property.

Because the hotel does not own any car parking, skillful and swift valets are the order of the day. 21c leases spaces from a nearby parking garage to make guest arrival safe and convenient. This careful calibration must

respond to daily changes in demand, accepting the complications of a one-way street grid and adjusting to recurrent construction in a rapidly growing neighborhood.

### Project Marketing and Management

When 21c Museum Hotel Cincinnati opened in November 2012, it was the first full-service hotel to enter the downtown Cincinnati market since 1984. 21c took advantage of the brand-marketing infrastructure it had developed around its Louisville property to launch the new Cincinnati project.

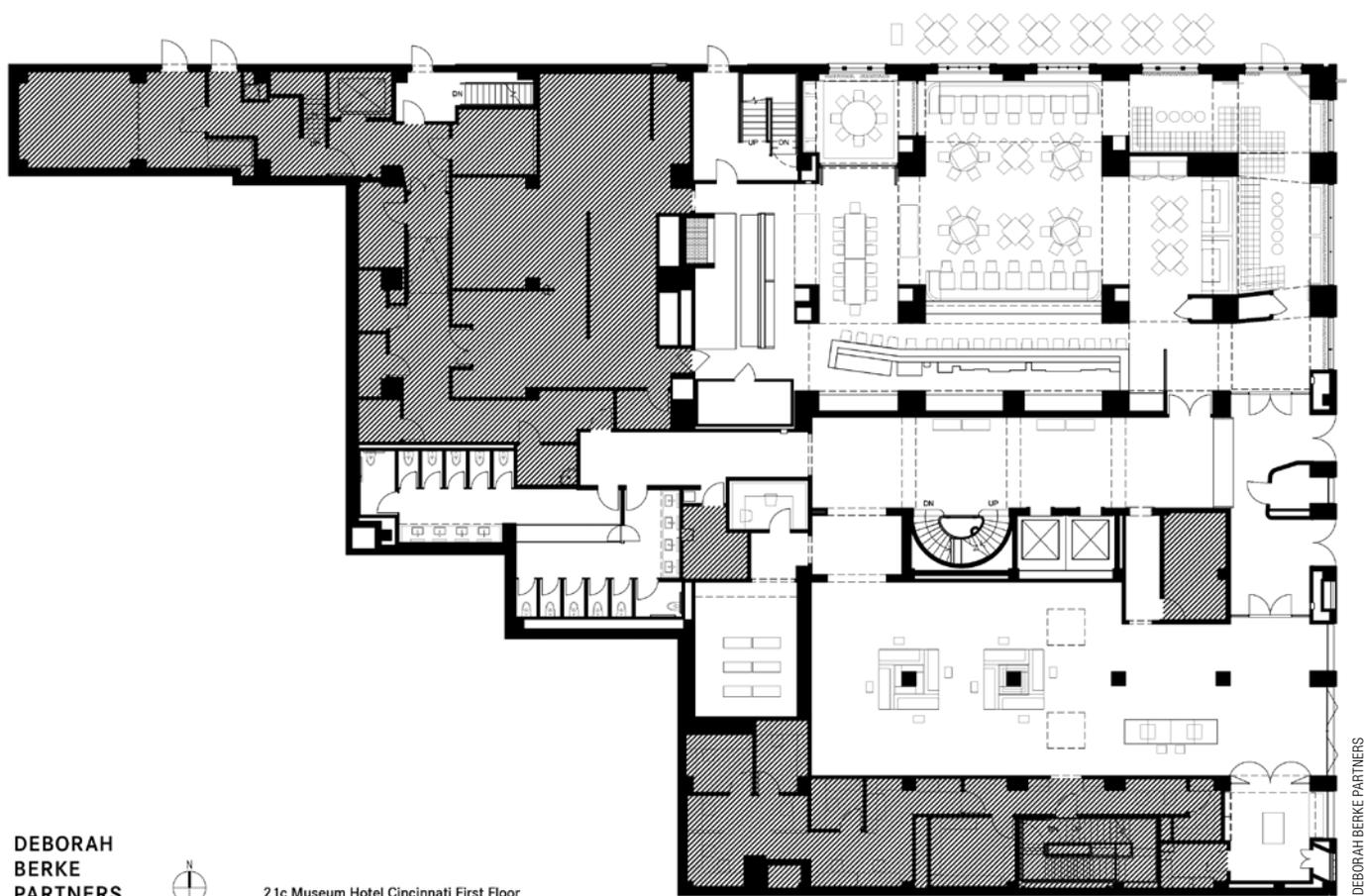
**Marketing and promotion.** The initial marketing efforts sought to engage the local community by generating interest in the Metropole restaurant, activities at the site, and the art in the museum; positive press, social media buzz, and word-of-mouth advertising played a strong role in the initial marketing and promotion efforts.

Because Cincinnati is not typically a destination market, 21c anticipated that business

would originate frequently from local points of contact, such as one of the seven Fortune 500 company headquarters located downtown, the nearby Horseshoe Casino Cincinnati, or simply friends and family of the guests.

Social media is an important tool for publicity, with many guests participating in marketing by sharing their experiences through these outlets. With a large established following, 21c's social media campaign generated awareness and interest through interaction with fans and future guests. Online marketing through sites such as TripAdvisor also have proved valuable. And the Condé Nast rating was a huge boost for the property.

**Events and exhibitions.** 21c offers a wide range of arts events led by vice president museum director Alice Gray Stites, including rotating curated exhibitions, interactive site-specific installations, and a full roster of cultural programming. 21c Museum Hotel Cincinnati works with the local arts community to offer a variety of cultural programming that



DEBORAH  
BERKE  
PARTNERS



21c Museum Hotel Cincinnati First Floor

DEBORAH BERKE PARTNERS

*The ground-floor plan for the hotel.*

is free and open to the public, including artist lectures, live performances, film screenings, and poetry readings. As part of 21c's commitment to exhibiting works by both established and emerging artists, rotating installations of artworks by regional artists are featured in the art vitrines on each of the guest-room floors.

The activities designed to allow guests to experience art in new ways also offer newsworthy events that attract generous publicity. Since opening, 21c Museum Hotel Cincinnati has hosted more than 100 events at the museum, attended by thousands of Cincinnatians and visitors. In addition, 21c works in partnership with other organizations to provide a unique venue for their events. Notes Greenberg, "21c displays great new art by living artists. The art inspires, educates, and is a catalyst for conversation. 21c Cincinnati has been warmly received by the local arts community, as well as [by] foodies and tourists."

**Property performance.** Guest satisfaction attests to the memorable experience of the

21c Museum Hotel. Each month since opening, the Cincinnati location has earned a Market Metrix customer satisfaction score surpassing 95 percent, now with a base of more than 3,000 guest responses.

From 2013 to 2014, the hotel experienced 16 percent growth in occupancy. In 2014, 21c's second full year of operations, 21c Museum Hotel Cincinnati achieved an average daily revenue of \$193 with a revenue per available room index of 135 percent, according to data produced by Smith Travel Research. This means that 21c Museum Hotel is generating 35 percent more revenue per guest room than its downtown Cincinnati competitors. The occupancy rate is currently averaging about 73 percent.

**Economic inclusion.** Community integration, particularly economic inclusion and workforce development, has been an important part of 21c Museum Hotel Cincinnati's launch into the neighborhood. To fill many of the 160 new permanent jobs it created, 21c partnered with outreach organizations such as the Urban League,

Cincinnati Works, Cincinnati COOKS!, and the YWCA to host four job fairs. 21c also seeks to establish ties with the local and regional arts community, with regular exhibits of work of local artists, and retails the work of local artisans.

## Observations and Lessons Learned

**Exercise patience.** Public sector risk taking and patience were essential contributions in this endeavor. 3CDC purchased the old Metropole site without an end user ready but could exercise the patience needed to take control of the site and find a strong partner for redevelopment in the 21c Museum Hotel Group.

**Expect to work for public incentives.** Public incentives that provide important additional financing can also demand extra resources. New markets tax credits and historic preservation tax credits were essential to finance the development of 21c Museum Hotel Cincinnati. But each of these sources of financing requires undertaking additional compliance requirements.



21c MUSEUM HOTELS

The building's historic air shaft has been transformed into a ten-story solarium, featuring a site-specific contemporary art installation.

**Plan for surprises.** Nearly every 21c property is developed from a historic structure, and each of these offers its own particular surprise—both delightful and disappointing—that emerges in the rehabilitation process. For example, the rooftop Cocktail Terrace on the 11th floor required access through a separate, exterior entrance, rather than through the restaurant. Guests must access the terrace by a specially marked door off Gano Alley and ride the service elevator to the rooftop. Yet, this “exclusive access” created an aura of mystery and intrigue that has proved very popular. Thus, unexpected circumstances can work in one’s favor if one is prepared. Planning ahead with contingencies also helps absorb the shocks along the way.

**Choose a contractor early and choose wisely.** Selecting a contractor early in the development gives them an opportunity to be an integral part of the process and gives them a vested interest in the schedule. Working closely with the people on the job site helps deliver the project on time and on budget.

**Work closely with the community.** 21c was fortunate to be embraced by the community even before opening its doors. Its efforts to collaborate with local workforce development organizations and participate in area job fairs were an effective way to recruit many of

its nearly 200 short-term and permanent employees. The enthusiasm around the project allowed 21c to develop a great team primarily from the local community.

**Allow art to drive commerce.** In addition to showcasing modern artists from around the world, 21c draws on local artists for featured exhibit areas to engage local creative talent. 21c’s arts focus has helped cultivate important partnerships with local firms and other arts institutions such as the adjacent Lois & Richard Rosenthal Center for Contemporary Art.

**Identify likely major users of the meeting space and respond to their needs.** Talking to area meeting planners during the design stages of the 21c Cincinnati property revealed a premium on natural light in conference rooms. Large windows in meeting rooms are now a 21c brand standard.

**Let the restaurant lead.** Each 21c museum hotel has an independent restaurant in the hotel. The 21c strategy is to open the restaurant two weeks before the hotel to allow it lead time to establish its own identity and clientele.

## DESIGNERS, CONTRACTORS, AND CONSULTANTS

### Engineer

Atlantic Engineering Services  
Pittsburgh, Pennsylvania  
<http://aesj.com>

### Construction manager

Messer Construction Co.  
Cincinnati, Ohio  
[www.messer.com](http://www.messer.com)

### Owner's representative

McCall Group  
Louisville, Kentucky  
[www.mccallgroup.org](http://www.mccallgroup.org)

## OTHER RESOURCES

### Interviewees

Craig Greenberg, president, 21c Museum Hotels  
Erin Swain, law and development manager, 21c Museum Hotels  
Julie Congedo-Fowler, event sales manager, 21c Museum Hotels  
Stephen G. Leeper, president and CEO, Cincinnati Center City Development Corporation (3CDC)

### Awards

Global Awards for Excellence, Urban Land Institute, 2013  
#1 U.S. hotel, Readers' Choice Awards, *Condé Nast Traveler*, 2013  
50 Best New Restaurants, *Bon Appétit*, 2013  
Preservation Award, Cincinnati Preservation Association in the Rehabilitation Category, 2013  
“Timmy” Awards for Excellence in Historic Rehabilitation, National Housing & Rehabilitation Association, 2013

## PROJECT INFORMATION

### Development timeline

Planning started	2007
Date acquired	May 2011
Construction started	May 2011
Date completed	November 2012

### Gross building area

Use	Area
Hotel rooms	77,700 sq ft
Restaurants/retail	6,200 sq ft
Pool/fitness	1,029 sq ft
Lobby/exhibition/common areas	9,300 sq ft
Back of house	20,000 sq ft
Total GBA	159,000 sq ft

### Development cost information

**Site acquisition cost** **\$7,538,280**

**Relocation expenses** **\$1,121,349**

#### Hard costs

Building improvements	\$24,775,085
Environmental abatement	\$2,420,209
Energy system upgrade	\$97,771
Construction contingency	\$1,152,742
Furniture, fixtures, and equipment; operating supplies and equipment; carpet; lighting; and IT	\$6,615,000

**Total** **\$35,060,807**

#### Soft costs

Financing and closing costs	\$2,443,656
Design services	\$2,528,666
Insurance	\$225,000
Property tax (TIF principal repayment)	\$340,000
Preopening costs	\$1,564,000
Developer fee	\$6,615,200

**Total** **\$13,716,522**

**Total development cost** **\$57,436,958**

### Land use plan

Use	Site area	Percentage of site
Buildings	0.346 acre	100
Total	0.346 acre	100

### Hotel information

Number of rooms	156
Standard room size	300 sq ft
Luxury room size	530 sq ft
Range of room sizes	227–699 sq ft
Occupancy rate	73%
Average daily room rate	\$193

### Financing sources

#### Debt capital sources

Cincinnati New Markets Fund (3CDC) subordinated loan	\$6,000,000
Developer-guaranteed bank loans (Republic Bank and Old National Bank)	\$20,000,000

#### Public sector capital sources

City of Cincinnati TIF loan	\$3,800,000
City of Cincinnati grant	\$2,500,000
NMTC (Cincinnati Development Fund and Fifth Third New Markets Development Company LLC)	\$11,000,000
Federal and state historic tax credits	\$7,700,000

#### Equity capital sources

Owner equity and deferred developer fee	\$6,400,000
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**Total sources** **\$57,400,000**



## About the Urban Land Institute

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Established in 1936, the Institute today has more than 34,000 members, representing the entire spectrum of land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, academics, and students.

ULI is committed to

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both the built and natural environment;
- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

**Patrick L. Phillips**, Global Chief Executive Officer

*The development of this case study was generously underwritten in part by the law firm Allen Matkins.*



## About Allen Matkins

Allen Matkins is a California-based law firm specializing in serving the real estate industry. The firm has more than 200 attorneys in four major metropolitan areas of California: Los Angeles, Orange County, San Diego, and San Francisco. Its core specialties include real estate, real estate and commercial finance, bankruptcy and creditors' rights, construction, land use, natural resources, environmental, corporate and securities, intellectual property, joint ventures, taxation, employment and labor law, and dispute resolution and litigation in all these matters.

**Michael L. Matkins**, Founding Partner

**Michael C. Pruter**, Partner

**David Osias**, Managing Partner

*Funding for this case study was also provided by the ULI Foundation.*

## ULI CASE STUDIES

The ULI Case Studies program highlights and showcases innovative approaches and best practices in real estate and urban development. Each case study provides detailed information regarding the ideas, plans, process, performance, and lessons learned for the development project. Each also includes project facts, timelines, financial data, site plans, photos, location maps, and online videos. For more information, visit the ULI Case Studies website at [www.uli.org/casestudies](http://www.uli.org/casestudies).

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