The CincyStitch repositions a pivotal stretch of Cincinnati’s waterfront not as the city’s edge, but as the center of a connected region. Through four threads – Culture + History, Public Realm, Transportation, And New Economies – the proposal strategically expands the site and creates connections to break down barriers across geography and time. Together these four threads weave an urban tapestry rich in history but geared to the future; a 24-hour commerce that connects citizens across the region socially and physically.

**Design Narrative**

**Context to Concept**

The Banks, as its name implies, has traditionally been considered the fringe of Cincinnati - the edge of the city, perpetually incomplete. In response, our four threads of Culture + History, Public Realm, Transportation, And New Economies reposition the area as the nexus of an evolving region, stitching the neighborhood into the region’s physical, social, and economic fabric. Our proposal does not start from a hypothetical blank slate and undo the past decade’s $1bn of private and public investment. Rather, our four threads permit us to intervene and integrate, respecting the complexities of building over and under existing infrastructure, not to mention within a floodplain, while forging an integrated district that pays heed to the Queen City’s longstanding culture of neighborhoods.

**Stitching Together the Urban Tapestry**

Each thread of the proposal weaves together a specific portion of the region’s past and future. The Culture and History Thread is a symbolic and physical Cultural Trail that stretches north into Downtown and south across the Mason-Dixon Line, reinforcing connections with Kentucky and dismantling historical divisions. The Public Realm Thread builds on existing park assets and incorporates a symbolic and physical Cultural Trail, while the Transportation Thread seeks to solve the region’s ‘Achilles Heel’ of poor transit solutions by connecting the city and along the river through strategic corridors. The New Economies Thread looks to deliver work-force housing in a 19,125sf test kitchen; and a TIF loan of $182.0mm.

**Financing Narrative**

**Ambitious Public Good**

Creating a master-planned development that successfully weaves the themes of Cincinnati’s past and future requires creativity, and the same applies to the project’s finances. When designing the CincyStitch, we needed to curate a unique mix of assets like epicureanon.vine and The Great American Experience that would themselves stitch together the City along our themes of Culture + History And New Economies. At the same time, we needed to financially support costly Public Realm and Transportation interventions required to make the project successful at the urban scale.

To begin, we sized our buildout using feasible absorption figures. We decided not to include any for-sale housing; in a rising interest rate mortgage environment with signs nationally of market softening, we found such a proposition too risky. Instead, we phased the project so that fewer than 300 market-rate rental units would be delivered annually. Given recent investment by Amazon and DHL in Cincinnati’s logistics industry, we then envisioned Unchained, with industrial space geared towards producing new supply chain technologies such as drones and 3D printers.

**A Unique Public-Private Partnership**

We chose not to request any discretionary grants from the City or County, but instead have undertaken a $1 acquisition price for publicly-owned sites, which we view as reasonable after estimating the present value of our in-kind contributions to the public realm at $427mm. We anticipate acquiring adjacent parcels from private owners at market rates, including the Dixie Terminal South Building, which we will convert into residential and retail space, generating $3.3mm of Federal Historic Tax Credit (HTCs) proceeds. Our scope includes retail podiums built on a portion of publicly-owned sites leased by the Bengals and the Reds, and we anticipate buying out a prorated portion of their outstanding leases.

In addition to Federal HTCs, we have compiled a robust package of other subsidies, including $32.2mm in Federal Low-Income Housing Tax Credit proceeds, keeping 20% of units affordable to low-income individuals while at the same time delivering work-force housing within our market rate portfolio; $111mm in New Markets Tax Credit proceeds that will finance extensive community programming, including a 78,210sf STEM charter high school, the 60,000sf Great American Experience sports museum with community recreation space, and a 19,125sf test kitchen, and a TIF loan of $182.0mm.

**Creative Financing**

During construction, we estimate LIBOR at 3%, resulting in a blended interest rate of 6.75% (60% LTC). In the permanent phase, we anticipate splitting the hotel and industrial components into separate legal entities. The hotel component would be financed through loans under the EB-5 immigration program offering below-market rates provided the project results in significant job creation. The industrial space would be financed using the City’s tax-exempt Industrial Revenue Bond program. Other spaces would benefit from a conventional loan at a rate of 6.5% (65% LTV, 1.25x DSCR).

Given the project is located in an Opportunity Zone (OZ), the equity investor would receive incentives including a deferral and partial write-off of prior capital gains taxes. Under our proposed financing structure, an equity JV would achieve a levered ten-year IRR of 22.1% (12.9% unlevered) before OZ benefits and 30.1% after incorporating OZ benefits1.

We envision the smart city improvements on site being financed as a separate project through an entity which we’ve titled Smart City HoldCo. Smart City HoldCo would arrange financing for the 5G small cell systems and hydro- solar-micro grid improvements, and then build and operate the systems. Based on an 8x O EBITDA multiple on the grant and a 10x multiple on the broadband component, we envision Smart City’s investors achieving a combined levered IRR of 16.4%.

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1Calculated as the pre-tax equivalent IRR that an investor would need to achieve in the absence of OZ benefits in order to attain the same post-tax IRR.