

**DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 1039-2022**

Project Name: Driftwood Mixed-Use Development Project
Project Address: 1111 Fairfield Avenue, Cleveland. OH 44113
Developer: 1209 Fairfield, LLC and/or designee
Project Manager: Kevin Schmotzer
Ward/Councilperson: 3-Kerry McCormack
City Assistance: Non-School TIF

Project Summary and Discussion

1209 Fairfield, LLC and/or designee, (“Developer”) is proposing a neighborhood mixed use development project located at 1111 Fairfield Avenue, Cleveland, OH 44113 (“Project Site”). In order to assist with the project financing, the Developer has requested the City impose a 5709.41, 30-Year, Non-School TIF. The TIF will support debt service related to the project as an incentive to partially offset additional development costs to convert a “proposed residential only project” to a “mixed-use development project.” The revision is based upon community meetings and feedback. The Driftwood mixed-use development project will include approximately 102 apartment units, first floor commercial / retail space, and parking to accommodate the residents, the commercial / retail space and guests for the residents and commercial space. The project will create and/or cause to create approximately five new W-2 jobs at the Project Site with an approximate payroll of \$250,000 and retain/cause to retain approximately zero W-2 jobs.

1209 Fairfield, LLC is a single purpose entity formed by the developers J-Roc Development, LLC and the DiGeronimo Companies and/or related affiliates. In 2021, they completed a 132-unit mixed-use development on an abandoned former industrial site known as Electric Gardens. The project includes an 8,000 sq. ft. incubator called Limelight and a locally owned coffee shop. The project connects to the Towpath Trail.

The Driftwood mixed-use project will be constructed at the corner of Fairfield Avenue and W. 11th Street. The corner has been vacant for decades. The vacant land has been used as an ancillary parking lot for the adjacent neighborhood restaurants / cafes: Parallax, South Side, and the Loop Café. The total project investment is approximately \$35,456,000.

Proposed City Assistance

The request to Cleveland City Council is to authorize the Director of Economic Development to enter into the chain of title for certain properties associated with the project for the purpose of entering into a non-school Tax Increment Finance (TIF) agreement with 1209 Fairfield, LLC or its designee. This TIF agreement will be up

to 30 years in length. The City will declare certain improvements with respect to the project to be a public purpose and exempt 100% of the improvements from real property taxes.

Under the agreement, parcels acquired and re-conveyed to the developer will be subject to a TIF under Section 5709.41 of the Ohio Revised Code in consideration for the developer agreeing to make certain improvements to those parcels and making payments in lieu of taxes (PILOTs) equal to the taxes that would have been paid for those parcels but for the TIF. A portion of the PILOT will be paid to the Cleveland Municipal School District in the amount the District would have otherwise received but for the TIF.

This piece of legislation will allow the City of Cleveland to enter into the chain of title for the parcels that are to be included in the TIF district. Cleveland City Council will require a second piece of legislation for approval of the TIF Agreement.

Economic Impact

- Creation of approximately 5 new full time W-2 jobs in the City of Cleveland;
- Retention of approximately 0 full time jobs in the City of Cleveland;
- Project estimates \$6,250 in new annual City income tax revenue.

City Requirements

- Subject to Chapter 187: MBE/FBE/CSB requirements
- Subject to Chapter 188: Fannie Lewis Cleveland Residential Employment Law
- Subject to a Workforce Development Agreement for all new jobs
- Subject to a Community Benefits Agreement