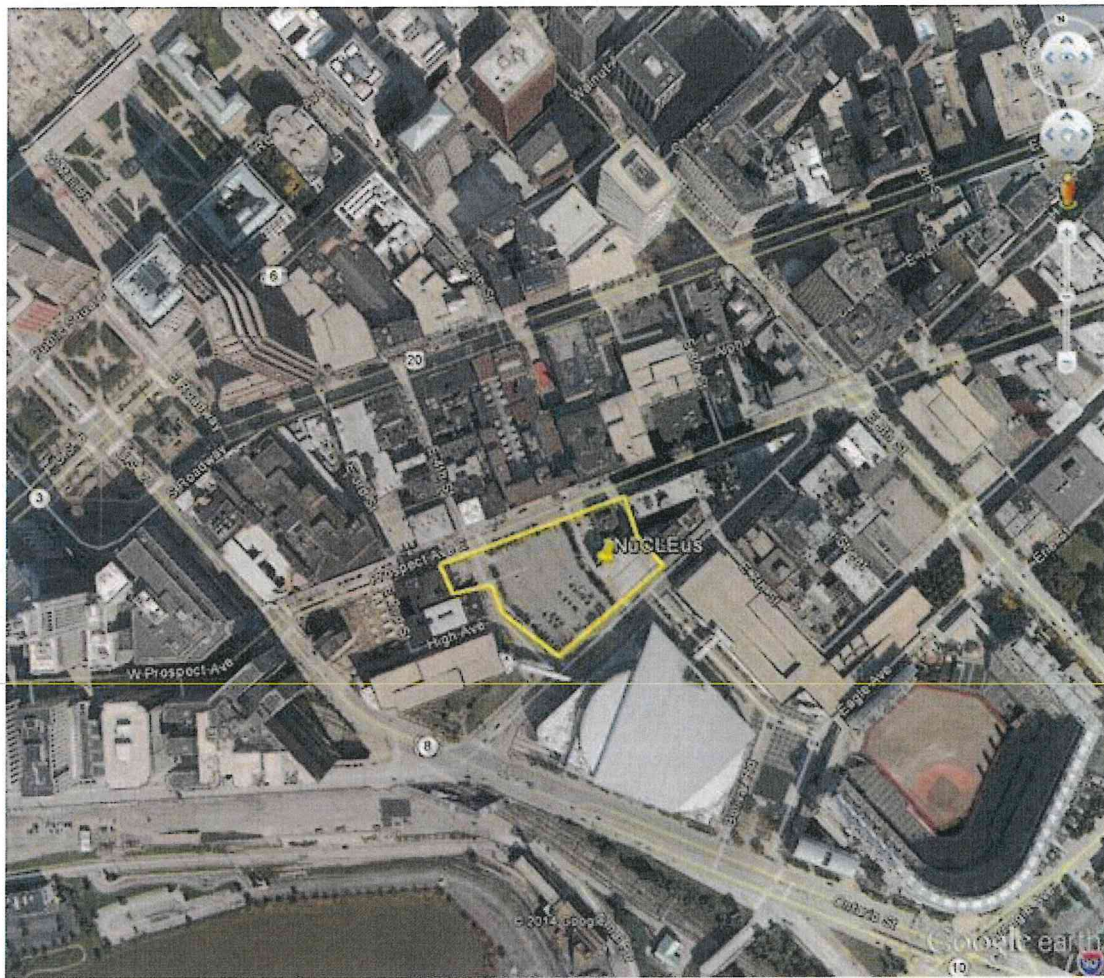


DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE 561-2019

Developer: Gateway Huron, LLC
Project Location: Prospect & Huron Avenues; at E. 4th St.
Project Manager: David Ebersole
Ward/Councilperson: Ward 3/ Councilman Kerry McCormack
City Assistance: \$12,000,000

Project Site:



Project Description:

The Gateway lots, located at the corner of E. 4th and Prospect, have long been an underutilized area for downtown Cleveland. As surface lots, these parcels created a gap in the urban fabric and broke up the vitality of the connection between the strong and growing assets at E. 4th Street & Euclid Avenue and the huge draws of Progressive Field & Quicken Loans Arena.

Gateway Huron, LLC, an affiliate of Stark Enterprises, has acquired these lots to launch Project NuCLEus, a truly transformative development that will change the face of the Gateway District and leverage this key location. Their proposed mixed-use development will be an attraction for shoppers, workers, and residents in itself and a strong compliment to the existing assets in downtown. In addition to the large surface lots at E. 4th and Prospect, the development site also encompasses neighboring outdated parking garages to the east and a small building on Prospect Avenue adjacent to the site. The project includes a large amount of Class A office space which is critically needed in downtown Cleveland.

The initial development proposes to construct 277 residential rental units, approximately 400,000 sf of gross commercial office, 77,820 square feet of national credit tenant retail, approximately and 1,350 parking spaces, and pedestrian oriented infrastructure improvements. The project proposes to construct two towers on top of retail and parking, topping out at 24 stories, on the surface parking lot on the corner of E. 4th Street and Prospect that will straddle the East 6th walkway, creating two structures at ground level, that are connected above via the garage. Additionally, the development proposes substantial improvements to the E. 6th Street walkway, creating a "Laneway" modeled on successful retail developments in Melbourne, Australia. It is anticipated that as many as 1,000 individuals could be employed at the project site.

Proposed City Assistance:

The City will provide up to \$12,000,000 in financial assistance for the project. The funds will be available to the developer at closing and will serve, along with other public financing sources, to complete the capital stack. City funds will be used towards the construction of the office tower component of the project, including the associated parking structure platform. The City's investment is justified by the income and parking taxes that will be created and retained by the project. The Developer has agreed to a guaranty of created tax revenue sufficient to cover 110% of the City's funding outlay, minimizing the risk for the City.

In addition, the City has previously approved a non-school TIF and two VPI Loans, totaling \$360,000 for the project.

Estimated Project Sources & Uses

SOURCES		USES	
Private Debt (Inc. TIF*)	\$ 213,125,000	Construction	\$ 234,730,000
Equity	\$ 100,400,000	Soft Costs	\$ 92,425,000
City of Cleveland	\$ 12,000,000	Land Costs	\$ 26,730,000
City of Cleveland VPI	\$ 360,000		
Cuyahoga County	\$ 6,000,000		
State of Ohio	\$ 6,000,000		
Subordinate Loans	\$ 16,000,000		
TOTAL	\$ 353,885,000	TOTAL	\$ 353,885,000

* The City estimates the TIF value to be approximately \$19,000,000

City Requirements

- Subject to the Fair Employment Wage Law due to project having more than 20 jobs.
- The project is subject to the Fannie M. Lewis Cleveland Resident Employment Law.
- The project is subject to MBE/FBE/CSB.
- The project is subject to Workforce Development Agreement for all new jobs.

The Developer has also agreed to the following additional items:

- Provide summer internships for CMSD students in architectural, design, and project development
- Provide shadowing opportunities for students with construction and management
- Provide apprenticeship opportunities