

**DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 1086 2019**

Project Name: Painters Union Building and Quarter Phase 2
Recipient: W25d III LLC and/or designee
Project Site: 2605 & 2715 Detroit Avenue, Cleveland, OH 44113
Project Manager: Robin Brown
Ward/Councilperson: 3-Kerry McCormack
City Assistance: Non-School TIF

Project Summary

W25D LLC or designee, (“Developer”) is proposing a mixed use development located at 2605 & 2715 Detroit 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 Tax Increment Financing (TIF). The TIF will support debt service related to the project and assist with the development of approximately 87 market rate and workforce housing apartment units, 6,600 square feet of commercial space and indoor parking for residents. The total project investment is approximately \$21 million.

Company Background

W25d III LLC is an entity of The Snavely Group. The Snavely Group is a third-generation real estate construction and development company who have successfully completed many prior projects in Cleveland and outside the region. The Snavely Group is recognized as a premier construction and real estate services organization having developed Marriott at Uptown in University Circle and The Quarter Phase 1. Project portfolio includes residential, hotels, healthcare, retail and mixed-use properties.

Proposed City Assistance

The request to Cleveland City Council is to authorize the Director of Economic Development to enter into a non-school Tax Increment Finance (TIF) agreement with W25d III 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. The TIF will be immediately effective on the residential after the expiration of the 15-year tax abatement for new residential construction.

Economic Impact

- Creation of 20 FTE jobs with an estimated payroll of \$1,355,000 and \$33,875 in annual income taxes.
- Retention of 5 FTE jobs with a payroll of \$390,000 and \$9,750 in annual income taxes.
- The project will generate \$102,188 annual residency taxes and once stabilized, the project is expected to generate \$209,621 in property taxes for the school district upon the expiration of the residential tax abatement.

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