

DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 789-2023

Project Name: Erieview Tower
Recipient: Erieview Holdings, LLC, and/or designee
Project Site: 1301 E 9th Street, Cleveland, Ohio 44114
Project Manager: Robin Brown
Ward/Councilperson: 3 / McCormack
City Assistance: Ten Year (10), 75% Tax Abatement

Project Summary

Built in 1964 and renovated in 1987, Erieview Tower (the "Tower") is a 40-story, 810,000 SF office tower located in Downtown Cleveland. At 529 feet, the Tower is the 4th tallest building in Cleveland and the 9th tallest in the state of Ohio. In 2017, the building was approved for addition to the National Register of Historic Places, a designation that makes the building eligible for federal historic tax credits.

The Tower was acquired by James Kassouf (the "Developer") in 2018 from a former lender for \$17.7 Million (\$22/SF), and refinanced in 2020. At the time of the acquisition, the tower was more than 50% vacant. The Developer also owns the adjacent Erieview Galleria (the "Galleria")-a 133,663 square foot glass enclosed, two-story open air shopping center-which will be redeveloped into a "lifestyle center" during a subsequent project phase. The redevelopment of the Tower (the "Project") is expected to cost an estimated \$193 Million, of which an estimated \$123 Million in total costs will be attributed to the hotel conversion and office improvements.

As conceived, the Project will involve a mixed-use redevelopment of Erieview Tower with:

- Approximately 227 apartments (subject to change), branded by W Residences
- An approximately 210-key luxury hotel, branded and managed by W Hotels
- Improvements to approximately 300,000 square feet of existing Class-A office space, and
- Approximately 500+ indoor parking spaces

The Developer has entered into a contract with Marriott International to develop the project as a W Hotel and W Residences property that is expected to feature a spa, restaurant, rooftop bar, refreshed lobby entrance with access to both the Residences and Hotel that will have a living room concept feel with a bar and cafe.

Proposed City Assistance

- This ordinance will authorize the Director of Economic Development to enter into a Ten (10) year, 75% commercial tax abatement agreement with Erieview Holdings LLC and/or designee for the revitalization of Erieview Tower. The estimated value of the abatement in year one is \$2,167,866.

Economic Impact

- Approximately \$176.5 million in improvements to the property
- 100-200 new jobs created with an estimated average annual salary of \$39,309
- Estimated \$182,787 added payroll taxes in year one
- Estimated real property taxes in year one (with 75% abatement): \$722,622

City Requirements

- Subject to Chapter 187: MBE/FBE/CSB requirements
- Subject to Chapter 188: Fannie Lewis Cleveland Residential Employment Law
- Subject to a Community Benefits Agreement