

Ordinance No. 1211-2019

Council Member(s) Brancatelli, McCormack and Kelley
(by departmental request)

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Electric Gardens, LLC, or its designee, to construct the Electric Gardens complex on vacant land near West 5th Street and Literary Road; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

WHEREAS, under Section 5709.41 of the Revised Code, improvements to real property may be declared to be a public purpose where fee title to the real property was, at one time, held by the City of Cleveland and the real property is then leased or conveyed by the City; and

WHEREAS, the City has entered into the chain of title for the Property which is more particularly described in this ordinance (the “Real Property”) pursuant to the requirements of Section 5709.41 of the Revised Code prior to the passage of this ordinance; and

WHEREAS, the Real Property is to be developed in accordance with the Cleveland 2020 Citywide Plan, a copy of which is placed in File No. 1211-2019-A; and

WHEREAS, under Section 5709.41 of the Revised Code, the improvements declared to be a public purpose may be exempt from real property taxation; and

WHEREAS, under Section 5709.41 of the Revised Code, the owners of the improvements may be required to make annual service payments in lieu of taxes that would have been paid had the improvement not been exempt; and

WHEREAS, under Section 5709.41 of the Revised Code, the exemption may exceed 75% of the improvements for up to 30 years when a portion of the service payments so collected are distributed to the Cleveland Metropolitan School District (“District”) in an amount equal to the amount the District would have received had the improvement not been exempt; and

WHEREAS, the District has been notified of the intent to enter into the agreement authorized by this ordinance in compliance with Sections 5709.41(C)(4) and 5709.83 of the Revised Code; and

WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore,

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BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That the improvements to be constructed by Electric Gardens, LLC, or its designee, (“Redeveloper”), are declared to be a public purpose for purposes of Section 5709.41 of the Revised Code (the “Improvements”). The Real Property is more fully described as follows:

**LEGAL DESCRIPTION
OF
PARCEL “AA”
ELECTRIC GARDENS
P.P.N. 004-32-020
P.P.N. 004-32-021
CITY OF CLEVELAND, OHIO**

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio and known as being all of Sublot Nos. 847 through 852 and 864 through 878 and part of Sublot Nos. 843 through 846 in the S.S. Stone’s Survey of College Tract of part of Original Brooklyn Township Lot No. 87, as shown on the plat recorded in Volume 2, Page 31 of Cuyahoga County Map Records and being part of Railway Street as vacated by the City of Cleveland Ordinance No. 100232 and further bounded and described as follows:

Beginning at a drill hole in a stone found in a monument box at the centerline intersection of Jefferson Avenue S.W. (formerly Franklin Street) (66 feet wide) and West 4th Street (formerly Lawrence Street) (66 feet wide);

Thence North 37°35’29” West along the centerline of West 4th Street, 562.47 feet to a point;

Thence South 52°24’31” West, 33.00 feet to a 5/8” iron pin found on the southerly right of way of West 4th Street at the northeasterly corner of the Re-Subdivision Plat of Bergen Village Subdivision as shown on the plat recorded in AFN. 201802280486 of Cuyahoga County Map Records and being the **Principal Place of Beginning** of the premises herein described;

Thence South 52°35’13” West along a northerly line of said Re-Subdivision Plat of Bergen Village Subdivision, 148.27 feet to a 5/8” iron pin found on an easterly line of the Bergen Village Subdivision as shown by the plat recorded in Volume 340, Pages 53-54 of Cuyahoga County Map Records;

Thence North 37°32’51” West along said easterly line of the Bergen Village Subdivision, 395.92 feet to a 5/8” iron pin found;

Thence South 52°35’13” West along a northerly line of said Bergen Village Subdivision, 3.74 feet to a 5/8” iron pin found;

Thence North 08°17’22” East along a northeasterly line of said Bergen Village Subdivision, 5.21 feet to a 5/8” iron pin found;

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Thence North 37°32'51" West along an easterly line of said Bergen Village Subdivision and an easterly line of land conveyed to WRA Literary, LLC by the deed recorded in AFN. 201510160459 of Cuyahoga County Deed Records, 118.23 feet to an angle point in said easterly line conveyed to WRA Literary, LLC;

Thence North 81°44'24" West along said easterly line of land so conveyed to WRA Literary, LLC, 15.68 feet to a point on the easterly right of way of Literary Road, S.W. (formerly Literary Street) (60 feet wide);

Thence North 08°15'36" East along the easterly right of way of Literary Road, S.W., 200.31 feet to a 5/8" iron pin found on the northerly right of way of vacated Railway Street (50 feet wide) (Vacated City of Cleveland Ordinance No. 100232);

Thence South 85°19'20" East along said northerly right of way of vacated Railway Street, 20.36 feet to a 5/8" iron pin found on the westerly right of way of said West 4th Street;

Thence South 37°35'29" East along the westerly right of way of West 4th Street, 655.32 feet to the Principal Place of Beginning, containing 2.0767 acres of land as surveyed and described by Peter John Gauriloff, P.S. No. 8646 of The Riverstone Company in July 2019, subject to all legal highways, restrictions, reservations and easements of record.

Deed of Reference:

P.P.N. 004-32-020 & -021

Land described to Electric Gardens, LLC by deed dated July 31, 2018 and recorded in AFN. 201907310658 of Cuyahoga County Deed Records.

Basis of Bearing:

The centerline of West 5th Street as North 37°29'50" West as shown in the Plat of Lot Split & Consolidation of West 5th Townhomes as recorded in AFN. 201712280555 of Cuyahoga County Map Records.

July 26, 2019

Section 2. That one hundred percent (100%) of the Improvements are declared exempt from real property taxation for a period of thirty years, effective and commencing the first year the value of the Improvements are reflected on the tax duplicate; and that in no event shall the exemption period extend beyond 2051. The terms of the agreement are as follows:

DEPARTMENT OF ECONOMIC DEVELOPMENT

**SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: _____**

Project Name: Electric Gardens Mixed-Use Development Project

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Recipient: Electric Gardens, LLC
Project Site: Vacant land near West 5th Street and Literary Road
Project Manager: Kevin Schmotzer
Ward/Councilperson: Ward 3: Councilman Kerry McCormack
City Assistance: 30-year non-school TIF

Project Site

PPNs 004-32-020 and 004-32-021 located near W. 5th Street and Literary Road

Company Background

Electric Gardens, LLC is product of a joint venture between J-Roc Development and the DeGeronimo Companies. J-Roc Development is a privately held developer specializing in modern architectural design whose portfolio includes Limelight and The Shoreway. The DeGeronimo Companies has been doing business in Cleveland since 1956 with a vast array of construction experience under their belt, including the Pinecrest development in Orange.

Project Summary

Electric Gardens, LLC, or its designee (“Developer”) is proposing a mixed use development project located on vacant land in Tremont near the intersection of West 5th Street and Literary Road on Permanent Parcel Numbers 004-32-020 and 004-32-021 (“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 and assist with the development of approximately 130 market rate and workforce housing apartment units, 8,000 square feet of co-working space and indoor garage parking for residents. The TIF is contingent upon at least 15% (or 19) units be deemed “affordable” according the 100% of the area-median income (“AMI”). The project will create and/or cause to create four (4) new W-2 jobs at the Project Site with an approximate payroll of \$150,000.

Proposed City Assistance

The Developer is requesting that city enter into a 30-year non-school Tax Increment Finance (TIF) agreement with Electric Gardens, LLC and/or its designee.

Economic Impact

The project will generate \$134,062 annual residency taxes, \$4,500 annual income tax, and \$349,385.47 in annual property taxes for the School District (Estimated TIF Analysis Attached).

City Requirements

Subject to Chapter 187: MBE/FBE/CSB requirements, Chapter 188: Fannie Lewis Cleveland Residential Employment Law, a Workforce Development Agreement for all new jobs, a Community Benefits Agreement and 15% workforce housing requirement.

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Section 3. That, under Section 5709.41 of the Revised Code, Redeveloper, or the owners of the Improvements, shall make service payments for a period of thirty years in lieu of the exempt taxes to the Cuyahoga County Fiscal Officer or Treasurer, or designee; the payments shall be charged and collected in the same manner, and shall be in an amount not less than the taxes that would have been paid had the Improvements not been exempt from taxation.

Section 4. That a portion of the service payments collected under this ordinance shall be distributed by the Cuyahoga County Fiscal Officer or Treasurer, or designee to the Treasurer of the District in the amount of the taxes that would have been payable to the District had the Improvements not been exempt from taxation.

Section 5. That the Director of Economic Development is authorized to enter into an agreement or agreements with Redeveloper to provide for the exemption and service payments described in this ordinance, including agreements securing the payments described in this ordinance, which agreement or agreements shall contain those terms contained in this ordinance.

Section 6. That when applicable under Section 5709.43 of the Revised Code, there is established an Urban Redevelopment Tax Increment Equivalent Fund into which shall be deposited Service Payments in Lieu of Taxes (“PILOTS” or “Service Payments”) that shall be used for financing the public purpose Improvements including project debt service, bond payments, and reimbursement of project construction costs,

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or for other economic development purposes as determined by the Director of Economic Development.

Section 7. That it is found and determined that all formal actions of this Council concerning and relating to the passage of this ordinance were adopted in open meetings of this Council, and any of its committees that resulted in formal action were in meetings open to the public in compliance with the law.

Section 8. That this ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

SMA:nl
9-30-19

FOR: Director Ebersole

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File No. 1211-2019-A

**REPORT
after second Reading**

Council member(s) Brancatelli, McCormack and Kelley (by departmental request)

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READ FIRST TIME on SEPTEMBER 30, 2019 **REPORTS**
and referred to DIRECTORS of Economic Development, City Planning Commission,
Finance and Law,
COMMITTEES on Development, Planning and Sustainability, Finance

CITY CLERK

READ SECOND TIME

by the council _____

CITY CLERK

READ THIRD TIME

by the council _____

PRESIDENT

CITY CLERK

APPROVED

MAYOR

Recorded Vol. _____ Page _____

Published in the City Record _____

**PASSAGE RECOMMENDED BY
COMMITTEE ON
DEVELOPMENT, PLANNING AND
SUSTAINABILITY**

FILED WITH COMMITTEE

**PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE**

FILED WITH COMMITTEE

