

**Ordinance No. 907-2020**

**By Council Members:** McCormack, Brancatelli and Kelley (by departmental request)

**An emergency ordinance authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Millennia Housing Development, Ltd, and/or its designee, to support the redevelopment of the Centennial at 925 Euclid Avenue Project; 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**, under Ordinance No. 629-16, passed June 6, 2016, 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. 907-2020-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 division (C)(4) of Section 5709.41 and Section 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,

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

**Section 1.** That the improvements to be constructed by Millennium Housing Development, Ltd, and/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:

**PARCEL NO. 1:**

SITUATED IN THE CITY OF CLEVELAND, COUNTY OF CUYAHOGA AND STATE OF OHIO:

AND KNOWN AS BEING PART OF ORIGINAL 2 ACRE LOT NOS. 154 AND 155, AND SUBLOTS NOS. 45, 46, 47, 48, 49 AND PART OF SUBLLOT 50 IN J. M. WOOLSEY'S SUBDIVISION OF PART OF ORIGINAL TWO ACRE LOT NOS. 156 TO 167 BOTH INCLUSIVE, AS SHOWN BY THE RECORDED PLAT OF SAID SUBDIVISION IN VOLUME N OF DEEDS, PAGE 486 OF CUYAHOGA COUNTY RECORDS, TOGETHER FORMING A PARCEL OF LAND, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING ON THE NORTHERLY LINE OF EUCLID AVENUE AT A POINT 145 FEET 9-1/8 INCHES EASTERLY, MEASURED ALONG SAID NORTHERLY LINE, FROM ITS POINT OF INTERSECTION WITH THE EASTERLY LINE OF EAST 9TH STREET (FORMERLY ERIE STREET);

THENCE WESTERLY ALONG SAID NORTHERLY LINE OF EUCLID AVENUE 145 FEET 9-1/8 INCHES TO ITS POINT OF INTERSECTION WITH THE EASTERLY LINE OF EAST 9TH STREET;

THENCE NORTHERLY ALONG SAID EASTERLY LINE OF EAST 9TH STREET 258 FEET 6-5/8 INCHES TO ITS POINT OF INTERSECTION WITH THE SOUTHERLY LINE OF CHESTER AVENUE N.E. (FORMERLY KNOWN AS CHESTNUT AVENUE);

THENCE EASTERLY ALONG SAID SOUTHERLY LINE OF CHESTER AVENUE N.E. 385 FEET 1/4 INCH TO A POINT 12 FEET WESTERLY MEASURED ALONG SAID SOUTHERLY LINE, FROM THE NORTHEASTERLY CORNER OF SAID SUBLLOT NO. 50, WHICH POINT IS ALSO AT THE INTERSECTION OF SAID SOUTHERLY LINE WITH THE WESTERLY LINE OF A 12 FOOT ALLEY;

THENCE SOUTHERLY ALONG SAID WESTERLY LINE OF SAID ALLEY 133 FEET, MORE OR LESS, TO A POINT ON THE SOUTHERLY LINE OF SAID SUBLLOT 50 WHICH IS ALSO THE NORTHERLY LINE OF HICKORY COURT N.E. (FORMERLY HICKORY LANE) 12 FEET WESTERLY MEASURED ALONG SAID SOUTHERLY LINE OF SUBLLOT 50, FROM THE SOUTHEASTERLY CORNER OF SAID SUBLLOT 50;

THENCE WESTERLY ALONG THE SOUTHERLY LINE OF SAID SUBLLOT NOS. 50, 49, 48, AND 47, 170 FEET 11-1/2 INCHES TO ITS POINT OF INTERSECTION WITH A LINE DRAWN NORTHERLY AT RIGHT ANGLES WITH SAID NORTHERLY LINE OF EUCLID AVENUE FROM THE PLACE OF BEGINNING;

THENCE SOUTHERLY 200 FEET 9-1/4 INCHES TO THE PLACE OF BEGINNING, ACCORDING TO THE SURVEY MADE BY THE F.A. PEASE ENGINEERING COMPANY, AUGUST, 1919.

PERMANENT PARCEL NO. 101-36-013

**PARCEL NO. 2:**

SITUATED IN THE CITY OF CLEVELAND, COUNTY OF CUYAHOGA AND STATE OF OHIO:

AND KNOWN AS BEING SUBLOT NO. 52 IN J.M. WOOLSEY'S SUBDIVISION OF PART OF ORIGINAL TWO ACRE LOT NOS. 156 TO 167 BOTH INCLUSIVE, AS SHOWN BY THE RECORDED PLAT OF SAID SUBDIVISION IN VOLUME N OF DEEDS, PAGE 486 OF CUYAHOGA COUNTY RECORDS, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF CHESTER AVENUE N.E. (FORMERLY CHESTNUT AVENUE) 463 FEET 1/4 INCH EASTERLY MEASURED ALONG SAID SOUTHERLY LINE FROM ITS POINT OF INTERSECTION WITH THE EASTERLY LINE OF EAST 9TH STREET (FORMERLY ERIE STREET), SAID POINT OF BEGINNING BEING ALSO THE NORTHEASTERLY CORNER OF LAND DESCRIBED IN A LEASE TO FRANK C. NEWCOMER DATED JULY 16, 1919 AND RECORDED IN LEASE VOLUME 92, PAGE 16 OF CUYAHOGA COUNTY RECORDS;

THENCE EASTERLY ALONG SAID SOUTHERLY LINE OF CHESTER AVENUE N.E. 66 FEET TO THE NORTHEASTERLY CORNER OF SAID SUBLOT 52;

THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SUBLOT 52, 133 FEET TO THE SOUTHEAST CORNER OF SAID SUBLOT 52;

THENCE WESTERLY ALONG THE SOUTHERLY LINE OF SUBLOT 52, WHICH IS ALSO THE NORTHERLY LINE OF HICKORY COURT N.E. (FORMERLY HICKORY LANE), 66 FEET TO THE SOUTHWEST CORNER OF SAID SUBLOT 52;

THENCE NORTHERLY ALONG THE WESTERLY LINE OF SAID SUBLOT 52, 133 FEET TO THE PLACE OF BEGINNING, AS APPEARS BY SAID PLAT, BE THE SAME MORE OR LESS, BUT SUBJECT TO ALL LEGAL HIGHWAYS, AND THE RIGHTS OF THE PUBLIC, IF ANY, IN THE PORTION OF THE FOREGOING PARCEL WHICH IS USE AS AN ALLEY AND APPROACH TO LOADING DOCKS.

PERMANENT PARCEL NO. 101-36-002

**PARCEL NO. 3:**

SITUATED IN THE CITY OF CLEVELAND, COUNTY OF CUYAHOGA AND STATE OF OHIO AND KNOWN AS BEING THE NORTHERLY PART OF SUBLOT 51 IN J. M.

WOOLSEY'S SUBDIVISION OF PART OF ORIGINAL TWO ACRE LOT NOS. 156 TO 167 BOTH INCLUSIVE, AS SHOWN BY THE RECORDED PLAT OF SAID SUBDIVISION IN VOLUME N OF DEEDS, PAGE 486 OF CUYAHOGA COUNTY RECORDS, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE SOUTHERLY LINE OF CHESTER AVENUE N.E. (FORMERLY CHESTNUT AVENUE) 397 FEET 1/4 INCH EASTERLY MEASURED ALONG SAID SOUTHERLY LINE FROM ITS POINT OF INTERSECTION WITH THE EASTERLY LINE OF EAST 9TH STREET (FORMERLY ERIE STREET), SAID POINT OF BEGINNING BEING ALSO THE POINT OF INTERSECTION OF SAID SOUTHERLY LINE WITH THE EASTERLY LINE OF A 12 FOOT ALLEY;

THENCE SOUTHERLY ALONG THE WESTERLY LINE OF SAID SUBLOT 51, WHICH IS ALSO THE EASTERLY LINE OF SAID 12 FOOT ALLEY, 100 FEET;

THENCE EASTERLY PARALLEL WITH THE SOUTHERLY LINE OF CHESTER AVENUE N.E. 66 FEET TO THE EASTERLY LINE OF SAID SUBLOT 51;

THENCE NORTHERLY ALONG SAID EASTERLY LINE OF SUBLOT 51, 100 FEET TO SAID SOUTHERLY LINE OF CHESTER AVENUE N.E.;

THENCE WESTERLY ALONG SAID SOUTHERLY LINE OF CHESTER AVENUE N.E. 66 FEET TO THE PLACE OF BEGINNING, AS APPEARS BY SAID PLAT, BE THE SAME MORE OR LESS, BUT SUBJECT TO ALL LEGAL HIGHWAYS.

PERMANENT PARCEL NO. 101-36-001

**PARCEL NO. 4:**

TOGETHER WITH AN APPURTENANT EASEMENT ESTABLISHED BY ORDINANCE NO. 58,522 AS SHOWN IN CITY RECORD VOLUME 19, PAGE 767 GRANTING THE UNION LENNOX CO., ITS SUCCESSORS AND ASSIGNS THE AUTHORITY AND PERMISSION TO CONSTRUCT MAINTAIN AND USE A BRIDGE OVER EAST 11TH PLACE.

Together with Easement for Pedestrian Tunnel granted by the City of Cleveland to the Union Commerce Bank, dated December 15, 1967, filed for record December 15, 1967, and recorded in Volume 12183, Page 181, of Cuyahoga County Records

A.P.N. 101-36-002

**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 2052. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

**Project Name:** Centennial  
**Project Address:** 925 Euclid Avenue, Cleveland, OH 441145  
**Developer:** Millennia Housing Development, Ltd., or Designee  
**Project Manager:** Dan Kennedy  
**Ward/Councilperson:** 3 – Kerry McCormack  
**City Assistance:** HUD 108/Non-School TIF

### Project Summary and Discussion

Millennia Properties purchased the former Huntington Building from an out-of-region company in 2018. The building, originally the Union Trust Building, has 1.3 million square feet, almost all of which is currently vacant and in need of rehabilitation. When completed in 1924, this historic property was the second largest building in the world in terms of square footage, with more than 30 acres (12 hectares) of floor space. It was home to the world's largest bank lobby of the era, which today remains among the largest in the world. The lobby features enormous marble Corinthian columns, barrel vaulted ceilings, and colorful murals.

Millennia is proposing to renovate the building predominantly for housing. They are proposing to attack the project in two phases, totaling nearly \$450,000,000 in total development. Currently, they are in the process of constructing the capital stack for Phase I of the project. Phase I will include renovation of the core & shell, retail (approx. 30,000 SF), a small amount of boutique office space (approx. 95,000 SF), and 480 units of one- or two-bedroom affordable/workforce housing (312 units at 50% AMI, 56 units at 60% AMI, 112 units at 80% AMI). The future second phase will add an additional 380 units of housing, similarly priced.

The building is a prominent feature on a major street corner. Re-activating it can have a substantial impact on downtown. The developer is under time pressure to begin work, with a significant amount of capital trapped in the building and pressure from the State to deploy the Catalytic Historic Tax Credit (awarded to previous development proposal in 2015).

### Phase I Sources & Uses

<b>SOURCES</b>		<b>USES</b>	
Equity	\$30,912,213	Acquisition (Apportioned)	\$30,000,000
First Mortgage	\$42,970,000	Construction	\$139,959,852
LIHTC	\$60,785,439	Commercial T.I.	\$5,000,000
Federal Hist. TC	\$49,008,372	A&E	\$6,137,525
State Hist. TC	\$20,750,000	Costs & Fees	\$16,991,516
TMUD (or Equity)	\$20,026,523	Owner Cost	\$47,442,218
FHLB Pittsburgh	\$750,000		
FHLB Cincinnati	\$750,000		
Cleveland HUD 108	\$15,000,000		
County Request	\$5,000,000		
Deferred Dev. Fee	\$12,625,014		
<b>TOTAL</b>	<b>\$263,577,563</b>	<b>TOTAL</b>	<b>\$263,577,563</b>

In order to move the project forward, Millennia has requested a \$15,000,000 HUD 108 loan from the City of Cleveland. In addition, they will also be seeking residential tax abatement and be looking to avail themselves of a non-school TIF that was already prepared for the project.

The estimated value of the non-school TIF is approximately \$1,300,000 annually, with an estimated total financeable present value of just over \$15,000,000.

### **Terms of the HUD 108 Loan**

<b>Interest Rate:</b>	90-Day LIBOR +75 basis points (currently ~ 1%)
<b>Term:</b>	10 years interest only, then amortized over a 10-year term
<b>Debt Reserve:</b>	\$1,000,000 to be established at closing. \$500,000 of the debt reserve may be released toward a principal prepayment of no less than \$5,000,000 during the interest only period.
<b>TIF Reserve:</b>	TIF proceeds will be dedicated to repayment of the HUD 108 Loan until the loan is fully repaid.
<b>Collateral:</b>	City to take a subordinate mortgage position on the property
<b>Guaranty:</b>	Personal Guaranty from Frank Sinito

### **Community Benefits**

- Project is subject to MBE/FBE/CSB
- Project is subject to David-Bacon Prevailing Wages
- Project is subject to Fannie Lewis Law
- Project will execute Workforce Development Agreement

**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, 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 the contract or contracts authorized by this ordinance shall be prepared by the Director of Law.

**Section 9.** 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.

**Referred to the Directors of Economic Development; City Planning Commission; Finance; and Law; Committees on Development, Planning and Sustainability; and Finance.**