

Ordinance No. 746-2024

By Council Members Hairston and Griffin
(by departmental request)

AN EMERGENCY ORDINANCE

To remove certain parcels of property from the Shore-to-Core-to-Shore TIF District created by Ordinance No. 38-2024, passed March 25, 2024, pursuant to 5709.40(B); to declare certain improvements to real property to be a public purpose and exempt from taxation pursuant to Section 5709.41 of the Revised Code for an initial period of thirty (30) years; to require the owners of the improvements to make service payments in lieu of the exempt taxes; to determine that the real property is in a blighted area of an impacted city; to determine that the owners of the improvements will make service payments in lieu of taxes in an amount that will exceed one million five hundred thousand dollars in a future year; to extend the exemption from taxation pursuant to Section 5709.51 of the Revised Code for an additional fifteen (15) year period; and authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Cleveland LD, LLC, and/or its designee, to redevelop Cleveland's riverfront.

WHEREAS, on November 3, 2023, the City of Cleveland (the "City") and Cleveland LD, LLC entered into a Master Development Agreement (the "Master Development Agreement") concerning, among other things, redevelopment of the Cuyahoga Riverfront area of Downtown Cleveland; and

WHEREAS, the Master Development Agreement contemplates that the City, subject to City Council approval, will create one or more tax increment financing districts pursuant to Section 5709.41 of the Ohio Revised Code (the "Bedrock .41 TIF") encompassing certain parcels of property, as depicted on the parcel list and map placed in **File No. 746-2024-A** and incorporated into this ordinance (the "Property" and each parcel thereof, as presently configured or as reconfigured in the future, a "Parcel" and collectively, the "Parcels"), owned by Cleveland LD, LLC or one or more of its affiliates or designees (the "Developer"); and

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 and the real property is then leased or conveyed by the City; and

WHEREAS, under Ordinance No. 482-2024, passed June 3, 2024 (the "Chain of Title Ordinance"), the City has entered into the chain of title for each Parcel; and

WHEREAS, in accordance with the Master Development Agreement, City Council now desires to adopt this ordinance (the "Bedrock .41 TIF Ordinance") to declare Improvements (as defined below) to the Property to be a public purpose and exempt from taxation; and

WHEREAS, as contemplated in the Master Development Agreement, on March 25, 2024 City Council approved Ordinance No. 38-2024 (the "Shore-to-Core-to-Shore TIF District Legislation"), creating a TIF area pursuant to Section 5709.40(B) of the Ohio Revised Code to leverage growth in Cleveland's Downtown and near west side (the "Shore-to-Core-to-Shore TIF District") to provide for the funding of public

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infrastructure improvements that directly benefit the Shore-to-Core-to-Shore TIF District; and

WHEREAS, the Shore-to-Core-to-Shore TIF District currently includes certain of the Parcels, and the City now wishes to amend the Shore-to-Core-to-Shore TIF District Legislation to remove all Parcels identified on the parcel list and map placed in the above-mentioned file from the Shore-to-Core-to-Shore TIF District so those Parcels may be made part of this Bedrock .41 TIF Ordinance; and

WHEREAS, the Property is in a blighted area of an impacted city, as those terms are defined in Section 1728.01 of the Revised Code; and

WHEREAS, the Developer intends to develop the Property in furtherance of the City's urban redevelopment activities in accordance with the Master Development Agreement; and

WHEREAS, under Section 5709.42 of the Revised Code, the City may require the owner of each Improvement to make annual Service Payments (as defined below) in an amount equal to the real property taxes that would have been charged and payable against the Improvement if it were not exempt from taxation; and

WHEREAS, under Section 5709.41(C)(1) of the Revised Code, the exemption may exceed 75% of the Improvements for up to thirty (30) years without the approval of the Board of Education of the Cleveland Municipal School District (the "School District") if the ordinance declaring the Improvements to be a public purpose specifies Service Payments shall be paid to the School District in the amount of taxes that would have been payable to the School District if the Improvements had not been exempted from taxation; and

WHEREAS, the School District has received notice as required by Section 5709.83 of the Revised Code; and

WHEREAS, pursuant to Section 5709.51 of the Revised Code, the City may extend the exemption from taxation for an additional period of not more than thirty (30) additional years, if the City determines that the owners of the Property will make Service Payments in an amount that will exceed one million five hundred thousand dollars in any future year, and if this ordinance provides that, during the additional period, the District will receive compensation equal in value to the amount of taxes that would be payable to the School District if the Improvements had not been exempted from taxation; and

WHEREAS, as contemplated in the Master Development Agreement, and in order to induce and enable the Developer to engage in the redevelopment of the Cuyahoga Riverfront area of Downtown Cleveland, including, without limitation, certain public infrastructure, (the "Project"), the City has determined that it is necessary and in the best interest of the City to enter into a Tax Increment Financing Agreement (the "TIF Agreement") with the Developer, wherein the City agrees to pledge (a) the Service

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Payments authorized and required pursuant to this Bedrock .41 TIF Ordinance to the Developer to pay or reimburse costs of the Project and (b) a portion of the payments received by the City pursuant to the Shore-to-Core-to-Shore TIF District Legislation (the “District Service Payments”) to the Developer to pay or reimburse costs of public infrastructure improvements eligible for funding pursuant to the Shore-to-Core-to-Shore TIF District Legislation, and

WHEREAS, this ordinance constitutes an emergency ordinance providing for the immediate preservation of the public peace, property, health or safety for the reasons stated in the recitals and in order to facilitate the prompt undertaking of the Project and to begin the remediation of the blighted conditions in the Parcels; now, therefore,

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

Section 1. That Ordinance 38-2024, passed March 25, 2024, is hereby amended to remove all Parcels as identified in the above-mentioned file that are currently part of the Shore-to-Core-to-Shore TIF District from the Shore-to-Core-to-Shore TIF District to be made part of this Bedrock .41 TIF.

Section 2. That one hundred percent (100%) of the increase in the assessed value of the Property, on a parcel by parcel basis, subsequent to the acquisition of the Property by the City pursuant to the Chain of Title Ordinance (the “Improvements,” as defined in Section 5709.41(A)(2) of the Revised Code), including both Improvements used or to be used for residential purposes and Improvements used or to be used for non-residential purposes, is hereby declared to be a public purpose and shall be exempt from taxation for a period commencing in tax year 2027 (the “Commencement Year”) and ending thirty (30) years after the Commencement Year (with such thirty (30) year period constituting the “Initial Term”), all in accordance with the requirements of Sections 5709.41 and 5709.42 of the Revised Code. The exemption provided by this ordinance is subordinate to any exemption for a Parcel granted pursuant to Sections 3735.65 et seq. or 5709.61 et seq. of the Revised Code.

Section 3. That, under Section 5709.42 of the Revised Code, the owners of the Improvements shall make service payments in lieu of the exempt taxes (“Service Payments”) to the Cuyahoga County Fiscal Officer or Treasurer, or to that official’s designee, and that the Service 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 Council hereby determines that the City of Cleveland is an impacted City pursuant to Section 1728.01(C)(1); that over seventy percent (70%) of the Parcels are blighted parcels as defined in Section 1.08 of the Ohio Revised Code, as set forth more particularly in an appendix placed in the above-mentioned file, which is hereby incorporated into this Ordinance, and in the blight study submitted by Developer; that the blighted Parcels substantially impair or arrest the sound growth of

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the state or a political subdivision of the state, retard the provision of housing accommodations, constitute an economic or social liability, or are a menace to the public health, safety, morals, or welfare in their present condition and use; and therefore that the Property is located in a blighted area of an impacted City pursuant to Section 1728.01 of the Ohio Revised Code, as incorporated into Section 5709.41 of the Ohio Revised Code.

Section 5. That Council hereby determines that the Service Payments to be made pursuant to Section 3 of this Ordinance and Section 5709.42 of the Revised Code will exceed one million five hundred thousand dollars in a future year.

Section 6. That the exemption from taxation provided in Section 2 of this Ordinance shall be extended, pursuant to Section 5709.51 of the Revised Code, for an additional period of fifteen (15) years commencing upon the conclusion of the Initial Term (the “Additional Term”), with the final tax year of exemption from taxation being tax year 2071, and that the owners of the Improvements shall continue make Service Payments pursuant to Section 3 of this Ordinance and Section 5709.42 of the Revised Code during the Additional Term.

Section 7. That the Cuyahoga County Fiscal Officer or Treasurer, or that official’s designee, is hereby directed during the Initial Term and the Additional Term to distribute to the School District a portion of the Service Payments in an amount equal to the taxes that would have been payable to the School District had the Improvements to that Parcel not been exempt from taxation.

Section 8. There is established the Riverfront Urban Redevelopment Tax Increment Equivalent Fund (the “Bedrock 41 TIF Fund”) into which shall be deposited Service Payments, along with any other payments with respect to each Improvement that are received in connection with the reduction required by Sections 319.302, 321.24, 323.152 and 323.156 of the Revised Code, as the same may be amended from time to time, or any successor provisions thereto as the same may be amended from time to time (the “Property Tax Rollback Payments”). The Service Payments and Property Tax Rollback Payments shall be used for costs of urban redevelopment, including costs permitted by the TIF Agreement, or for other purposes as determined by the Director of Economic Development.

Section 9. The Director of Economic Development is authorized to enter into the TIF Agreement, which TIF Agreement shall provide for, among other things, the payment of or reimbursement to the Developer for the certain costs of (a) the Project from amounts deposited into the Bedrock 41 TIF Fund and (b) public infrastructure improvements eligible under the Shore-to-Core-to-Shore TIF District Legislation from District Service Payments. The amount of District Service Payments pledged to reimburse the Developer under the TIF Agreement shall not exceed 40% of the total District Service Payments received by the City. The TIF Agreement authorized by this

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Ordinance shall be prepared by the Director of Law and approved and certified by the Director of Finance.

Section 10. Any obligations of the City pursuant to the TIF Agreement (the “City Obligations”) constitute a special obligation of the City and are payable solely from Service Payments, District Service Payments or Property Tax Rollback Payments received by the City and no other funds are pledged for the payment of the City Obligations. Neither the Developer nor any other beneficiary of the City Obligations have a right to have taxes levied for the payment of the City Obligations.

Section 11. That, pursuant to Section 5709.41(E) of the Revised Code, the Clerk of this Council is hereby directed to deliver a copy of this Ordinance to the Director of the Ohio Department of Development within fifteen days after its passage. On or before March 31st of each year that the exemption set forth in Section 2 hereof remains in effect, the Director of Economic Development shall prepare and submit, or cause to be prepared and submitted, to the Director of the Ohio Department of Development the status report required under Section 5709.41(E) of the Revised Code.

Section 12. That City officials are further authorized to provide such information and to execute, certify or furnish such other documents, and to do all of the things as are necessary for and incidental to carrying out the provisions of this Ordinance.

Section 13. That this Council finds and determines that all formal actions of this Council and any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this City Council or any of its committees, and that all deliberations of this City Council and of any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law, including ORC 121.22.

Section 14. That in order to facilitate the prompt undertaking of the Project and to begin the remediation of the blighted conditions in the Parcels and for the other reasons stated in the recitals, this Ordinance is hereby declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all 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 date permitted by law.

SMa:nl
7-10-2024
FOR: Director McNair

By Council Members Hairston and Griffin (by departmental request)

AN EMERGENCY ORDINANCE

To remove certain parcels of property from the Shore-to-Core-to-Shore TIF District created by Ordinance No. 38-2024, passed March 25, 2024, pursuant to 5709.40(B); to declare certain improvements to real property to be a public purpose and exempt from taxation pursuant to Section 5709.41 of the Revised Code for an initial period of thirty (30) years; to require the owners of the improvements to make service payments in lieu of the exempt taxes; to determine that the real property is in a blighted area of an impacted city; to determine that the owners of the improvements will make service payments in lieu of taxes in an amount that will exceed one million five hundred thousand dollars in a future year; to extend the exemption from taxation pursuant to Section 5709.51 of the Revised Code for an additional fifteen (15) year period; and authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Cleveland LD, LLC, and/or its designee, to redevelop Cleveland’s riverfront.

READ FIRST TIME on JULY 10, 2024
**and referred to DIRECTORS of Economic Development,
City Planning Commission, Finance, Law;
COMMITTEES on Development Planning and Sustainability,
Finance Diversity Equity and Inclusion**

REPORTS

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

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

FILED WITH COMMITTEE

**PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE, DIVERSITY, EQUITY
and INCLUSION**

FILED WITH COMMITTEE
