

**DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 527-2022**

Project Name: Delta Hotel
Project Address: 3614 Euclid Ave, Cleveland. OH 44114
Developer: 3614 Euclid Holding LLC and/or designee
Project Manager: Robin Brown
Ward/Councilperson: 7-Stephanie Howse
City Assistance: Non-School TIF

Project Summary and Discussion

3614 Euclid Holding LLC and/or designee, (“Developer”) is proposing to redevelop the former University Hotel located at 3614 Euclid Ave, Cleveland. OH 44114 (“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 building renovations. The project will create and/or cause to create approximately 40 new W-2 jobs at the Project Site with an approximate payroll of \$2,700,000.

3614 Euclid Holding LLC is a subsidiary of Crimson Rock Capital and CGI Capital, LLC (“C&C”). Founded in 2004 by Dionis Rodriguez, Crimson Rock Capital, LLC is a private investment firm focused on US hotel investment opportunities that are distressed, inefficient, value added or have significant long-term growth potential. CGI Capital is., a national leader in the travel and hospitality industry founded by Aymn Alidina. C&C acquired the note to the University Hotel and Suites in September 2018 and foreclosed on the asset, successfully securing fee simple title to the property in June 2019.

The 105,000-sf property was built in 1964 as a Holiday Inn hotel, sits on 2.02 acres of land and has 10 floors. Post renovation amenities will include 207 guest rooms, a 3,500 square feet restaurant & bar, 3,500 square feet of meeting space, 1,000 square feet fitness room and other amenities include a Grab N’ Go Delta Pantry, business center and a outdoor courtyard. The Hotel will be rebranded the Delta Hotel by Marriott to capitalize on the Midtown/Health Tech Corridor neighborhood. The project has been awarded federal historic tax credits. Total project investments is approximately \$39.2 million.

Proposed City Assistance

- This ordinance will authorize the Director of Economic Development to enter into a 30-year non-school Tax Increment Finance (TIF) agreement with 3614 Euclid Holding LLC or its designee. The City will have declared certain improvements with respect to the project to be a public purpose and exempt 100% of the improvements from real property taxes.

- The Developer agrees to make certain improvements to the parcel and make payments in lieu of taxes (PILOTS) equal to the taxes that would have been paid for the parcel but for the TIF. A portion of the PILOTS will be paid to the Cleveland Metropolitan School District in the amount the District would have otherwise received but for the TIF by the County (“District Payments”). The balance of the PILOTS will be utilized to fund eligible project costs and project debt. The developer will be responsible for any shortfall of PILOT payments for project costs.

Economic Impact

- Creation of approximately 40 new full time jobs in the City of Cleveland
- Project estimates \$67,500 in new annual City tax revenue generated from new employees

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