

Ordinance No. 1210-2019

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with 2937 W 25, LLC, or its designee, for the redevelopment of the Astrup Awning Company Building, a vacant industrial complex, into a community-oriented center; 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. 1210-2019-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

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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 2937 W 25, 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 “B”
2937 WEST 25th STREET
P.P.N. 008-05-001 THROUGH P.P.N. 008-05-007
P.P.N. 008-05-059 THROUGH P.P.N. 008-05-061
P.P.N. 008-05-057, P.P.N. 008-05-107, P.P.N. 008-05-111, and P.P.N. 008-
05-114
CITY OF CLEVELAND, OHIO**

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being all of Sublot No. 1 and part of Sublot Nos. 2 and 3 in the Hiram Stone's Allotment as shown by the plat recorded in Volume 1, Pages 41 and 42 of Cuyahoga County Map Records and part of the Original Brooklyn Township Lot No. 68 and further bounded and described as follows:

Beginning at a drill hole set at the intersection of the northerly right of way of Castle Avenue S.W. (formerly Warden Street) (40 feet wide) and the easterly right of way of West 25th Street (State Route 42) (formerly Columbus Street) (formerly Pearl Street) (66 feet wide) and being the **Principal Place of Beginning** of the premises herein described;

Thence North 05°34'58” East along the easterly right of way of West 25th Street, 294.59 feet a drill hole set on the southerly right of way of Seymour Avenue (60 feet wide);

Thence North 89°59'58” East along the southerly right of way of Seymour Avenue, 171.42 feet to a drill hole set at the northwesterly corner of land conveyed to Charles Pfeil (1/2 interest) by the deed recorded in Volume 314, Page 45 of Cuyahoga County Deed Records and Amanda Gartman (1/2 interest) by the deed recorded in Volume 3175, Page 404 of Cuyahoga County Deed Records;

Thence South 00°00'27” West along the westerly line of land so conveyed to Charles Pfeil and Amanda Gartman, 69.57 feet to a drill hole set on the southerly line of Sublot No. 2 in the Hiram Stone's Allotment as shown by the plat recorded in Volume 1, Page 41-42 of Cuyahoga County Map Records;

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Thence South 89°59'43" East along the southerly line of land so conveyed to Charles Pfeil and Amanda Gartman and the southerly line of said Sublot No. 2, 12.10 feet to a drill hole set on the easterly line of said Sublot No. 2;

Thence North 00°01'02" East along the easterly line of land so conveyed to Charles Pfeil and Amanda Gartman and the easterly line of said Sublot No. 2, 69.58 feet to a drill hole set on the southerly right of way of Seymour Avenue;

Thence North 89°59'58" East along the southerly right of way of Seymour Avenue, 25.00 feet to a 5/8" iron pin found at the northwesterly corner of land conveyed to Israel Lugo by the deed recorded in Volume 86-3854, Page 46 of Cuyahoga County Deed Records;

Thence South 00°01'02" West along the westerly line of land so conveyed to Israel Lugo, 140.02 feet to a point;

Thence South 89°45'30" East along the southerly line of land so conveyed to Israel Lugo, the southerly line of lands conveyed to Campo 25, Inc. by the deed recorded in Auditor's File No. 201607150823 of Cuyahoga County Deed Records, and the southerly lines of lands conveyed to the City of Cleveland Land Reutilization Program by the deeds recorded in Auditor's File No. 201404250312, 201404250313, and 201404250314 of Cuyahoga County Deed Records, 184.55 feet to a 5/8" iron pin found at the northwesterly corner of land conveyed to Terra Gateway Holdings by the deed record in Auditor's File No. 201712060359 of Cuyahoga County Deed Records;

Thence South 05°10'17" West along the westerly line of land so conveyed to Terra Gateway Holdings and the westerly line of land conveyed to J&C Homebuyers LLC by the deed record in Auditor's File No. 201406170321 of Cuyahoga County Deed Records, 189.91 feet to a 5/8" iron pin found on the northerly right of way of Castle Avenue S.W.;

Thence North 84°48'37" West along the northerly right of way of Castle Avenue S.W., 406.25 feet to the easterly right of way of West 25th Street and to the **Principal Place of Beginning** and containing 2.2757 acres of land, as surveyed and described by Peter John Gauriloff, P.S. No. 8646 of The Riverstone Company in February 2018, subject to all legal highways, restrictions, reservations and easements of record.

Parcel "B" is subject to an existing easement for right of way from Louise F. Hochwalt and Mary K. Gunderman to Louise Pfeil recorded in Volume 1437, Page 333 of Cuyahoga County Deed Records.

Deeds of Reference:

Land conveyed to 2937 W 25, LLC by deed dated December 29, 2017 and recorded in Auditor's File Number 201712290775 of Cuyahoga County Deed Records.

Basis of Bearing:

The centerline of West 25th Street as North 05°34'58" East is an assumed bearing and is used to indicate angles only.

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

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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: Astrup Awning Company Building Redevelopment
Recipient: 2937 W 25, LLC and/or designee
Project Site: 2937 West 25th Street, 44113
Project Manager: Dan Kennedy
Ward/Councilperson: 14 - Santana
City Assistance: Non-School Tax-Increment Financing

Project Summary

2937 W 25, LLC and/or Designee (“Developer”) is renovating the former Astrup Awning Company Building into a community-focused arts and maker space. The Astrup Awning Company project is a new mixed-use development planned along the W. 25th Street Corridor in the Clark-Fulton neighborhood at 2937 W. 25th Street, Cleveland, OH 44113 (“Project Site”). The building will be filled with multiple non-profit and office tenants anchored by the Cleveland Museum of Art, and will be rounded out with affordable maker spaces for artists and small creative businesses. The property consists of four interconnected buildings totaling 80,000 square feet over 3 floors.

This high-visibility project will be incredibly catalytic for the Clark-Fulton neighborhood of Cleveland, a long-distressed part of the city that has not seen anything near the levels of reinvestment that its adjacent neighbors - Ohio City and Tremont - have seen. Other anticipated tenants across the city have enthusiastically signed up to collocate with the Cleveland Museum of Art and become a part of the synergy of this new creative hub, including: Inlet Dance Theatre, LatinUs Theater Company, The Boys & Girls Club, and the Cleveland Center for Missing, Abducted, Exploited Children and Adults.

2937 W 25th will become a community focal point, creating over 65 jobs for local residents, investing about \$13.5M to reinvigorate this vacant industrial complex, and providing important youth development, workforce development, and access to the arts for the local community. The Developer is requesting to enter into a Tax Incremental Financing Agreement to supplement costs associated with the Astrup Awning Company Building, an approximately \$13.5M redevelopment of the 80,000 SF historic complex.

Proposed City Assistance

- This ordinance will authorize the Director of Economic Development to enter into a 30-year non-school Tax Incremental Finance (TIF) agreement with 2937 W 25, LLC or its designee. The City will declare 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 those parcels and make payments in lieu of taxes (PILOTs) equal to the taxes that would have been paid for those parcels but for the TIF. A portion of the PILOTs will be paid to the Cleveland Municipal School District in the amount the District would have otherwise received but for the TIF by the County. The Developer will be responsible for any shortfall of PILOT payments for project costs.

Economic Impact

- Creation of 65 jobs in the City of Cleveland (estimated \$2,600,000 annual salaries)
- Project estimates \$65,000 in new annual City tax revenue generated from residents and new employees
- Project will generate \$133,221 in annual property taxes for the School District
- Over the 30-year term of the TIF, the project estimates \$4 Million in property taxes generated for the School District and \$9 Million in income resident taxes for the City

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

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- Subject to a Community Benefits 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.

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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. 1210-2019-A

**REPORT
after second Reading**

Council Member(s) Santana, Brancatelli 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

