

Ordinance No. 508-2020

**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 Sustainable Community Associates, or its designee, to provide for the developer to make certain improvements to the Lincoln Building 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, pursuant to Ordinance authority, the City will have duly 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. 508-2020-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 Sections 5709.41(C)(4) and 5709.83 of the Revised Code; and

Ordinance No. 508-2020

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 Sustainable Community Associates, 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:

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio and known as being **Parcel “A1”** in the Lot Split and Consolidation Plat for Lincoln Partners, LLC, as shown by the recorded plat in **A.F.N. 202003040265** of Cuyahoga County Records and **containing 0.9823 Acres (42,790 Square Feet) of land**, and as being all of Lot "A" in the Lot Consolidation Survey for Scranton Place LLC, as shown by recorded plat in Volume 383 of Maps, Page 10 of Cuyahoga County Records, and being all of Sublots 26 and 27 and being a portion of Sublots 35 and 36 in the A. Kellogg Allotment as shown in recorded plat in Volume 5 of Maps, Page 35 of Cuyahoga County Records, and part of Vacated West 18th Place as shown in recorded Plat in Volume 247 of Maps, Page 51 of Cuyahoga County Records and all being part of Original Brooklyn Township Lot No. 87, according to a surveyed by Steven J. Metcalf, Registered Surveyor No. 8622-Ohio of Neff & Associates, dated November 7, 2019.

Basis of bearings for this survey is Grid North of NAD83 (CORS96) Ohio State Plane Coordinate System, North Zone (3401) and is used to denote angles only.

Be the same more or less, but subject to all legal highways and easements of record.

Monuments described as “iron pin set” are 5/8” x 30” rebar capped.

Permanent Parcel Number: 004-05-058

Parcel 1:

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as being Sub Lot No. 12 in A. Kellogg’s Subdivision of part of Original Brooklyn Township Lot No. 87, as shown by the recorded plat in Volume 3 of Maps, page 20 of Cuyahoga County Records, and being 40 feet front on the Easterly side of West 17th Street, (formerly Petroleum Street), and extending back of equal width 125 feet to an alley in the rear, as appears by said plat, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 004-05-007

Ordinance No. 508-2020

Parcel 2:

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio:

And known as being Sub Lot No. 13 in Alfred Kellogg's Subdivision of part of Original Brooklyn Township Lot No. 87, as shown by the recorded plat in Volume 3 of Maps, page 20 of Cuyahoga County Records, and being 40 feet front on the Easterly side of West 17th Street, and extending back of equal width 125 feet to an alley in the rear, as appears by said plat, be the same more or less, but subject to all legal highways.

Permanent Parcel No.: 004-05-008

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: The Lincoln Building
Project Address: 2410 Scranton Road, Cleveland, OH 44113
Developer: Sustainable Community Associates or Designee
Project Manager: Dan Kennedy
Ward/Councilperson: 3-Kerry McCormack
City Assistance: Non-School TIF

Project Summary and Discussion

Sustainable Community Associates ("SCA") are a development team made up of three Oberlin College graduates, Naomi Sabel, Ben Ezinga, and Josh Rosen. They have completed four projects within the City of Cleveland, three of which along the Scranton Corridor. SCA owns, manages, and maintains all of their properties; working with a dedicated staff who share their vision and sense of stewardship.

Sustainable Community Associates' next project is the Lincoln Building, a new \$24M building located across the street from the recently restored, Fairmont Creamery Building. The Lincoln, a proposed 4-story building on the southwest corner of Scranton Road and Wiley Avenue, will contain 83 residential apartments and 6500 SF of commercial/office space on the ground floor. Approximately 25% of the residential units will be targeted towards "workforce housing". As it has done in the past, SCA will work with emerging entrepreneurs and established neighborhood businesses to fill the commercial/office space. 30 full -time jobs are expected once complete.

Proposed City Assistance

The request to Cleveland City Council is to authorize the Director of Economic Development to enter into a non-school Tax Increment Finance (TIF) agreement with Sustainable Community Associates or its designee. This TIF agreement will be up to 30 years in length. 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 TIF will be immediately effective on the residential after the expiration of the 15-year, 100% tax abatement.

Ordinance No. 508-2020

Under the agreement, parcels acquired and re-conveyed to the developer will be subject to a TIF under Section 5709.41 of the Ohio Revised Code in consideration for the developer agreeing to make certain improvements to those parcels and making 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 PILOT will be paid to the Cleveland Municipal School District in the amount the District would have otherwise received but for the TIF.

Economic Impact

- Creation of 30 jobs in the City of Cleveland
- Project estimates \$30,000 in new annual City tax revenue generated from residents and 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

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

Ordinance No. 508-2020

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 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
6-17-20
FOR: Director Ebersole

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

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READ FIRST TIME on JUNE 17, 2020

REPORTS

**and referred to DIRECTORS of Economic Development,
City Planning Commission, Finance, Law;
COMMITTEES on Development Planning and Sustainability, Finance**

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

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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
