

# Ordinance No. 289-2020

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

## AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with 12607 Larchmere, LLC, or its designee, to provide economic development assistance to partially finance the project costs for the development of the 12607 Larchmere Project; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

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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. \_\_\_\_\_, passed \_\_\_\_\_, the City has entered into the chain of title for the Property \_\_\_\_\_, 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. 289-2020-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

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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 12607 Larchmere, 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:

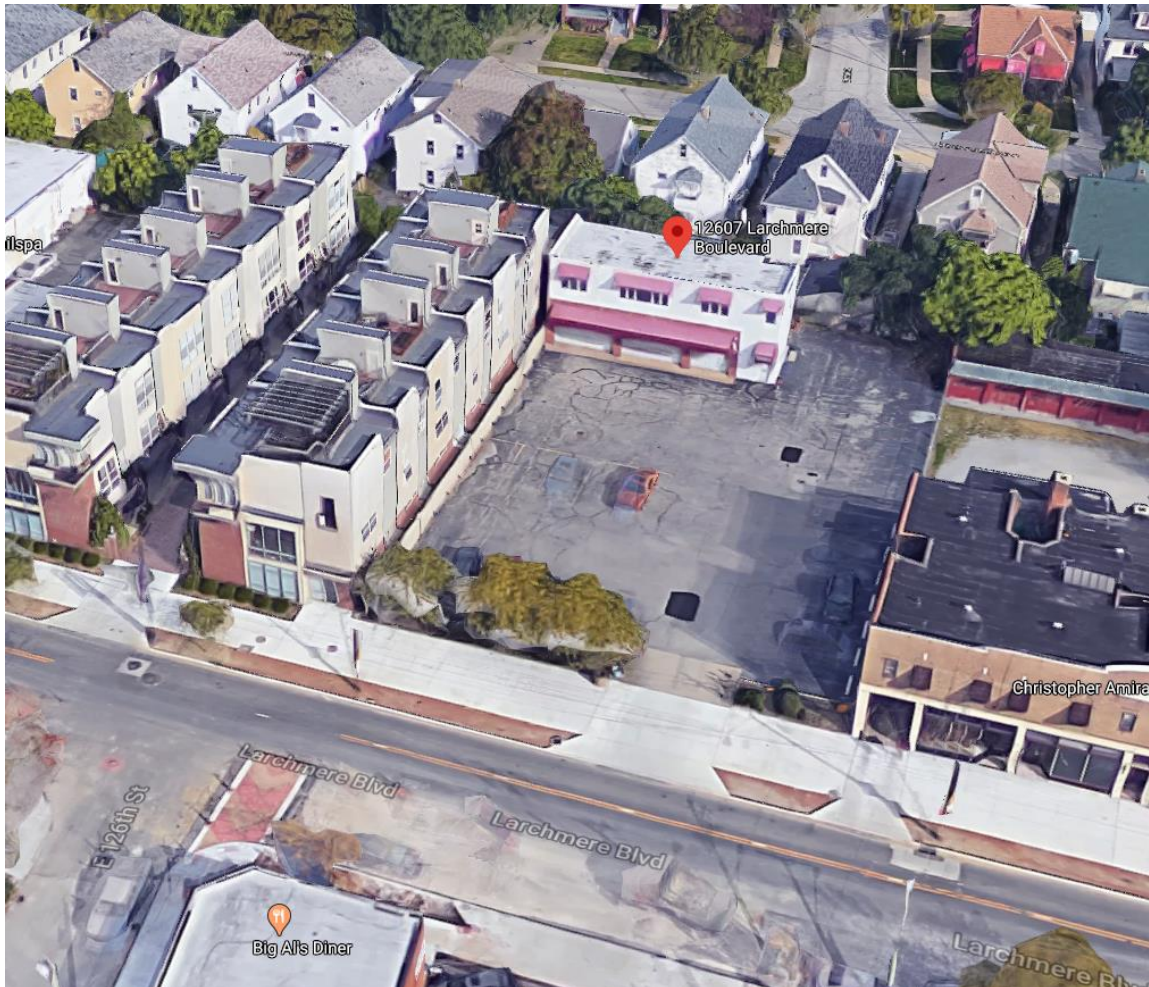
Parcel No. 1 Situated in the City of Cleveland, County of Cuyahoga, State of Ohio and known as being Sublot No.182 in the Cedar Heights Land Company's Leisy Estates Subdivision of part of Original One Hundred Acre Lot No.421, as shown by the recorded plat of said subdivision in Volume 70 of Maps, Page 14 of Cuyahoga County Records. Said Sublot No.182 has a frontage of 50 ft. on the Northerly side of Woodland Avenue, S.E., and extends back between parallel lines 155 ft., as appears by said plat, be the same more or less, but subject to all legal highways.

Parcel No. 2 Situated in the City of Cleveland, County of Cuyahoga, State of Ohio and known as being Sublot No.183 in the Cedar Heights Land Company's Leisy Estates Subdivision of part of Original One Hundred Acre Lot No.421, as shown by the recorded plat of said subdivision in Volume 70 of Maps, Page 14 of Cuyahoga County Records. Said Sublot No.183 has a frontage of 50 ft. on the Northerly side of Woodland Avenue, S.E. and extends back between parallel lines 155 ft., as appears by said plat, be the same more or less, but subject to all legal highways.

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 are as follows:

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**Project Name:** 12607 Larchmere  
**Recipient:** 12607 Larchmere, LLC, or designee  
**Project Site:** 12607 Larchmere Blvd, Cleveland, OH 44120  
**Project Manager:** Richard Barga  
**Ward/Councilperson:** 6 - Griffin  
**City Assistance:** 30 year non-school TIF  
**Project Site**



## **Company Background**

12607 Larchmere, LLC is a partnership between Russell Berusch and Ron Lloyd. Berusch, principal at Berusch Development Partners LLC, is a real estate development and management company located in Shaker Heights, Ohio. Russell Berusch is President of Berusch Development Partners LLC. For more than 20 years, he has specialized in urban redevelopment projects that revitalize communities and university environments. The firm combines a passion for transforming neighborhoods with a proven ability to execute on projects that are innovative, complex, and catalytic. The results can be seen in thriving retail, housing, and mixed-use developments across Greater Cleveland and in communities well beyond Ohio.

## **Project Summary**

The proposed site is at 12607 Larchmere Blvd. A small 2,000 SF vacant building currently sits on the site. The abandoned building has previously been used as a storage warehouse and an office building. The Borrower was approached to potentially redevelop the site with a committed tenant, an architecture firm from Shaker Heights. The architecture firm was founded in 1994 and has had some considerable growth over the past few years. The firm has transformed from a one-person studio into a multidisciplinary, award-winning, nationwide practice. They are constrained to their current facility and are looking to put down permanent roots in the City of Cleveland. The developer has secured a lease commitment of 15 years from the architecture firm.

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After demolition of the current vacant warehouse, a 20,000 SF mixed-use, 4 story mid-rise building will be constructed. The project will have over 13,000 SF of office space, four units of residential apartments, and small retail space for an anticipated coffee shop. The architecture firm that will occupy the office space will create 44 new employees in the city. These new residents and employees will help activate the street and provide more purchasing power for the retail on Larchmere.

## **Proposed City Assistance**

- 30 year non-school TIF
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## **Economic Impact**

- 4 new residential units generating \$125,000 annual income tax.
- Borrower will create and/or cause to create 44 new W-2 jobs at the Project Site with an approximate payroll of \$5,000,000.
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## **City Requirements**

- Subject to Chapter 187
- Subject to Chapter 188
- Subject to a Workforce Development Agreement
- 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

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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  
3-2-20

FOR: Director Ebersole

