

# Ordinance No. 742-2025

By Council Members Starr, Hairston and Griffin (by departmental request)

**FOR PASSAGE**  
**June 2, 2025**

## **AN EMERGENCY ORDINANCE**

Authorizing the Director of Community Development to enter into a loan agreement with Pennrose Holdings, LLC, or its designee, to provide assistance to partially finance the redevelopment of the Warner and Swasey building located at 5701 Carnegie Avenue and other associated costs necessary to redevelop the property.

WHEREAS, under Ordinance No. 432-2022, passed May 16, 2022, this Council authorized the Director of Community Development to accept payment of \$4,000,000.00 in exchange for the sale and assignment of a tax-exempt County of Cuyahoga Subordinate Multifamily Housing Mortgage Revenue Bond Series 2001B Bond (the “Bond”) purchased by the City with \$11,701,404.00 in upfront grant funds received from the U.S. Department of Housing and Urban Development (“HUD”). These Bond funds were then loaned to Vesta-Cleveland, LLC (“Vesta”) to complete the rehabilitation of the former Rainbow Terrace Apartments located at 7310 Carson Avenue. Vesta was required to pay the balance due on the Bond to the City when it was to mature in 2045; and

WHEREAS, the City received the \$4,000,000.00 payment from Vesta and deposited it into Fund No. 15, SF 257; and

WHEREAS, HUD authorized the City to retain proceeds of the upfront grant received from Vesta to be used exclusively for the purpose of providing affordable housing to lower income persons in the City of Cleveland. Use of the funds is limited to projects that will develop rental housing or homeownership opportunities specifically for households with incomes below eighty percent (80%) of the area-wide median income.

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 Director of Community Development is authorized to enter into a loan agreement with Pennrose Holdings, LLC, or its designee, to provide assistance to partially finance the redevelopment of the Warner and Swasey building located at 5701 Carnegie Avenue and other associated costs necessary to redevelop the property into affordable rental housing for households with incomes below eighty percent (80%) of the area-wide median income.

**Section 2.** That the terms of the loan shall be according to the terms set forth in the summary contained in **File No. 742-2025-A**, made a part of this ordinance as if fully rewritten, as presented to the Finance Committee of this Council at the public hearing on this legislation, and are approved in all respects and shall not be materially changed without additional legislative authority.

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Section 3. That the costs of the loan shall not exceed \$3,000,000.00, and shall be paid from Fund No. 15, Subfund 257, which funds are appropriated for this purpose. (RQS 8006, 2025-0051)

Section 4. That the Director of Community Development is authorized to accept such collateral as set forth in the file referenced above in order to secure repayment of the loan. Any loan agreement, security instrument, or other document shall be prepared and approved by the Director of Law.

Section 5. That the Director of Community Development is authorized to accept monies in repayment of the loan and to deposit the monies in Fund 15, Subfund 257.

Section 6. That the Director of Community Development is authorized to charge and accept fees in an amount not to exceed the maximum allowable fees under federal regulations and the fees are appropriated to cover costs incurred in the preparation of the loan application, closing and servicing of the loan.

Section 7. That the contract and other appropriate documents needed to complete the transaction authorized by this legislation shall be prepared by the Director of Law.

Section 8. That the Directors of Community Development, Finance, and Office of Equal Opportunity are authorized to enter into a Community Benefits Agreement as a condition to receive funds under this ordinance.

Section 9. 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.

GP:uo  
6-2-2025  
FOR: Director Hernandez

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(by departmental request)

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READ FIRST, SECOND AND THIRD TIME	and referred to		REPORTS
	READ FIRST TIME		
	CITY CLERK		
	READ SECOND TIME		
	CITY CLERK		
	READ THIRD TIME on JUNE 2, 2025		
	PRESIDENT		
	CITY CLERK		
	APPROVED		
	MAYOR		
Recorded Vol. 112		Page	
Published in the City Record			