

CITY OF CLEVELAND

FILE NO. 742-2025-A

DEPARTMENT OF COMMUNITY DEVELOPMENT

Vesta Fund Spending Authority

LEGISLATIVE REQUEST - EXECUTIVE SUMMARY

ORDINANCE NO. 742-2025

Description: Ordinance 432-2022 authorizes the Director of Community Development to accept \$4,000,000 from the Vesta Corporation in exchange for the sale and assignment of a bond passed under Ord. 1226-01 as amended by Ord. 1865-01.

Ordinance 432-2022 requires legislative authority for any expenditures of funding associated with Ord. 432-2022. This request seeks legislative authority for the Director of Community Development to enter into a contract with Pennrose Holdings LLC, or its designee, for the Warner and Swasey Project

Purpose: To provide \$3,000,000 in the form of a loan to support the redevelopment of the Warner and Swasey Project Located at 5701 Carnegie Avenue. Development shall provide housing affordable to individuals at or below 80% of the Area Median Income

Reporting

Requirement: Units of Housing Produced. Annual Reporting

Beneficiary (If Any): Pennrose Holdings LLC, or its designee (Warner and Swasey)

Estimated Cost: Warner and Swasey - \$54M

Ward(s): 5

Location(s): 5701 Carnegie Avenue

Time of Performance: November, 2025 to December 31st, 2028

Can it be Extended:	Yes, in the event of reasonable construction delays
Amount:	\$3,000,000
Per Project Maximum:	Not to Exceed \$3M for Warner and Swasey
Loan/Grant:	Loan
Interest Rate:	2% or otherwise approved by the Director of Community Development
Payment Requirement:	Cash flow Contingent Balloon Loan
Term:	Up to 30 years for the Loan
Forgiveness:	Some or all of the project may be forgiven at the end of the project's affordability period.
Security:	Mortgage, Restrictive Covenant, and Promissory note
Affordability:	All units must be affordable for a period of 15 years to families at or below 80% AMI.
Funding Source:	U.S. Department of Housing and Urban Development
RL No.	RL 2025-0051
Legislative Approval:	N/A
Community Benefits Agreement In Place:	In Progress