

Ordinance No. 30-2020

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 First Interstate Properties, Ltd., or its designee, to provide for the redevelopment of the vacant Life Skills building located at 12201 Larchmere Boulevard into a multi-family development; 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. 30-2020-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 First Interstate Properties, Ltd., 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
121 Larchmere

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being part of Sublot No. 174 in the Cedar Heights Land Company’s Leisy Estates Subdivision of part of Original 100 Acre Lot No 421, as shown by the recorded plat in Volume 70 of Maps, Page 14 of Cuyahoga County Records, and part of Original 100 Acre Lot No. 421, and together forming a parcel of land bounded and described as follows:

Beginning on the northerly line of Woodland Avenue, S.E. (66 feet wide), at its intersection with the Easterly line of East 121st Street, 34 feet wide;

thence northerly along the easterly line of East 121st Street to the southerly line of Mt Overlook Avenue S.E., 40 feet wide;

thence easterly along the southerly line of Mt Overlook Avenue, S.E., 200.28 feet to the northwesterly corner of Sublot No. 173 in the Cedar Heights Land Company’s Leisy Estates Subdivision, as aforesaid;

thence southerly along the westerly line of said Sublot No. 173, 113.54 feet to the northwesterly corner of said Sublot No. 174;

thence easterly along the northerly line of said Sublot No. 174, 73.27 feet to the northeasterly corner thereof;

thence southerly along the easterly line of said Sublot No. 174, 84.90 feet to a point distant 70 feet northerly measured along said easterly line, from the northerly line of Woodland Avenue, S.E., 76 feet wide;

thence westerly parallel to the northerly line of Woodland Avenue, S.E., 45 feet;

thence southerly parallel to the easterly line of Sublot No. 174, 70 feet to the northerly line of Woodland Avenue, S.E., 76 feet wide;

thence westerly along said northerly line, 5 feet to the southwestly corner of Sublot No. 174;

thence southerly along the southerly prolongation of the westerly line of said Sublot No. 174, 10.11 feet to the northerly line of Woodland Avenue, S.E., 66 feet wide;

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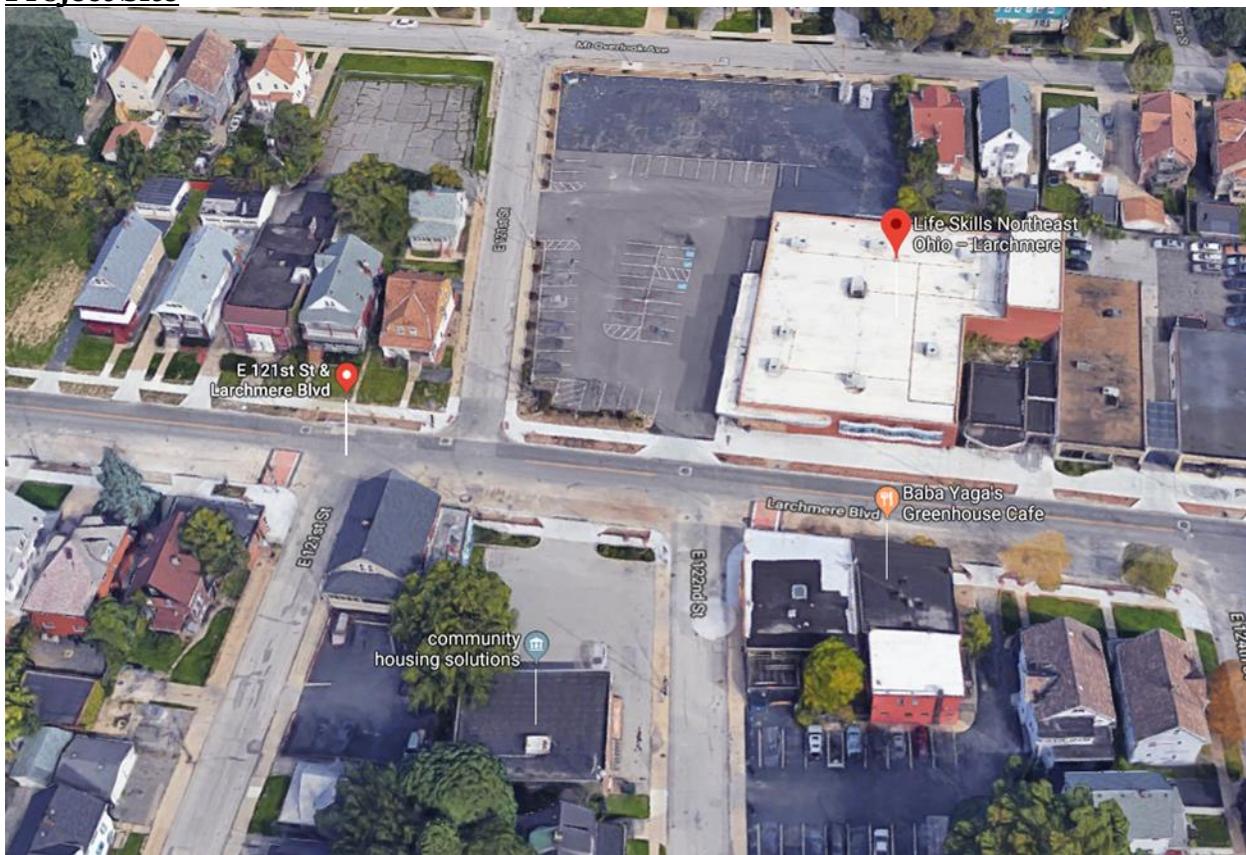
thence westerly along the northerly line of Woodland Avenue, S.E., 66 feet wide, 200.21 feet to the Place of Beginning, according to a Survey made by Edward C. O'Rourke, Registered Surveyor, dated August, 1962.

PPN's: 129-05-027 through 029 and 038

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 2051. The terms of the agreement are as follows:

Project Name: 121 Larchmere
Recipient: First Interstate Properties Ltd, or designee
Project Site: 12201 Larchmere Blvd, Cleveland, OH 44120
Project Manager: Richard Barga
Ward/Councilperson: 6 - Griffin
City Assistance: 30 year non-school TIF

Project Site



Company Background

First Interstate Properties, Ltd. ("Borrower") is a real estate development and management company located in Lyndhurst, Ohio. Mitchell Schneider, founder and President of First Interstate, is an attorney and previously practiced real estate law at a mid-sized Cleveland firm. Since formation in 1989, First Interstate has developed more

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than four million square feet of commercial space. The firm has concentrated all of its activity in the Northeastern Ohio market and its business plan contemplates that it will continue to do so.

Most recently First Interstate properties has developed One University Circle, a 20-story high-rise located in the university circle neighborhood of Cleveland's East side. One University Circle is the first high rise apartment building built in Cleveland since the 1970's; most deliveries in the market have been office conversions or new low-rise construction. One University Circle delivered 276 residential units and boasts 4,000 square feet of retail space.

Project Summary

The proposed site is at the corner of Larchmere and East 121st street. The vacant Life Skills building currently sits on the site. The abandoned building has previously been used as a convenient store and academic building. Borrower was approached to potentially redevelop the site after initial discussions about the redevelopment for a discount store and concerns than that type of use would take a step backward that would take many, many years to overcome if ever. Borrower's ability to have the property result in a community backed new multi-family development in-lieu of a discount store is what is needed in Larchmere to continue its revitalization.

Once completed, the project will have 88 units on a 4 story mid-rise building. First Interstate has also secured the commitment of a professional service firm to anchor over 6,000 SF of office space, providing 20 employees. This office space will be located at street level facing Larchmere. These new residents and employees will help activate the street and provide more purchasing power for the retail on Larchmere.

The non-school TIF will help write down the almost 30% equity investment to make this project happen.

Proposed City Assistance

- 30 year non-school TIF

Economic Impact

- 88 new residential units generating \$17,600 annual income tax.
- Borrower will create and/or cause to create 20 new W-2 jobs at the Project Site with an approximate payroll of \$1,500,000.

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

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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.

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
1-6-20

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FOR: Director Ebersole

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[File No. 30-2020-A]

**REPORT
after second Reading**

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READ FIRST TIME on JANUARY 6, 2020
and referred to DIRECTORS of Economic Development,
City Planning Commission, Finance, Law;
COMMITTEES on Development Planning and Sustainability, Finance

REPORTS

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

Recorded Vol. **107** 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
