

Ordinance No. 1270-2022

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with CCA CBD Cleveland, LLC, and/or its designee, to assist with the financing of the City Club Apartments Project to be located at 776 Euclid Avenue; 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. 1270-2022-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 CCA CBD Cleveland, LLC, and/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 below and as may subsequently be replatted, re-numbered, or revised:

Legal Description
101-27-041

Situated in what is now the City of Cleveland, County of Cuyahoga, State of Ohio and known as being part of Original Two Acre Lot Nos. 105, 106, and 107, and also being known as a portion of a consolidated parcel of land for 720 Euclid Limited Liability Company as recorded in Volume 271, Page 22 of the Cuyahoga County Map Records, of being more fully bounded and described as follows;

Beginning at the centerline intersection of Euclid Avenue, 99 feet wide, and East 4th Street, 40 feet wide, being referenced by a 1" iron pin found in a monument box assembly, thence North 79°10'06" East along the centerline of said Euclid Avenue, a distance of 820.72 feet to a point at the centerline intersection of East 8th Street, 16 feet wide, thence South 10°36'43" East along the centerline of said East 8th Street, a distance of 49.50 feet to a 1" iron pin found in a monument box assembly at the southerly right of way of said Euclid Avenue, thence South 79°10'06" West, a distance of 8.00 feet to the westerly right of way of said East 8th Street being referenced by a drill hole found South 0.13 feet and West 0.15 .feet thereof; said point also being the Principal Place of Beginning for the parcel herein described;

Course No.1 Thence South 10°36'43" East along the westerly right of way of said East 8th Street, a distance of 111.43 feet to a set drill hole at a new division line;

Course No.2 Thence South 79°07'59" West along a new division line, a distance of 181.25 feet to a set drill hole at an angle point thereon;

Course No.3 Thence North 10°52'0.1" West along a new division line, a distance of 8.09 feet to a set drill hole at an angle point thereon;

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Course No.4 Thence South 79°28'10" West along a new division line, a distance of 19.06 feet to a set drill hole in the side of an existing building along the easterly line of Cuyahoga County parcel 101-27-021 now or formerly owned by 668 Atrium as recorded in AFN 201506180342 of the Cuyahoga County records;

Course No.5 Thence North 10°31'50" West along said Atrium land, a distance of 103.34 feet to the southerly right of way of said Euclid Avenue being referenced by a drill hole set,

Course No.6 Thence North 79°10'06" East along said Euclid Avenue, a distance of 200.20 feet to the Principal Place of Beginning, said parcel containing 22,172 square feet or 0.5090 acres of land according to a survey by Langan Engineering and Environmental Services dated February of 2020 and being the same more or less and being subject to all legal highways and easements. The basis of bearings of this survey is based on the Ohio State Plane Coordinate System, NAD 83 derived from GPS observations and bearings are to denote angles only.

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 2055. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

<u>Project Name:</u>	City Club Apartments
<u>Project Address:</u>	776 Euclid Avenue, Cleveland. OH 44114
<u>Developer:</u>	CCA CBD Cleveland, LLC and/or designee
<u>Project Manager:</u>	Robin Brown
<u>Ward/Councilperson:</u>	3 – Kerry McCormack
<u>City Assistance:</u>	Non-School TIF

Project Summary and Discussion

City Club Apartments (“CCA”) is 100-year-old Detroit based multifamily apartment developer strictly focused on building extremely innovative and high-quality properties for long term hold and operation in the mid-west.

CCA focuses on urban mixed-use apartment communities with resort class amenities and time saving services for our residents. Despite the high level of finishes and services, CCA is able to affordably offer these units to residents earning between \$40,000 and \$60,000. They are design driven and technologically advanced, and are committed to social responsibility, wellness, and green living.

The project site is located at 776 Euclid Avenue (formerly part of 720 Euclid Ave.), and currently is the site of a surface parking lot. The Project Site was once the home of the iconic Hippodrome Theater. The developer is proposing a multi-story mixed-use building on the 0.5-acre site fronting on Euclid Avenue.

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The parcel on which the project will be built has been assigned permanent parcel 101-27-041. Construction is anticipated to be completed in 2024 and the project is expected to include approximately 250,000 total square feet of space, including over 15,000 square feet of commercial space and 304 apartment units.

The developer is committed to providing housing available to Clevelanders of many income levels and is willing to commit to providing workforce housing in this apartment community. Over 30% of units at the Project Site are anticipated to be affordable to households making approximately 90% of the Area Median Income for the Cleveland MSA. Over 2/3 of units are anticipated to be affordable for households making under \$60,000 per year once the project is completed. The project's unique unit layouts and sizes allow the project to keep the price per unit lower than other new construction projects as well as in redeveloped buildings in Downtown.

In order to assist with the project financing, the Developer has requested the City impose a 5709.41, 30-Year, Non-School TIF. The TIF will support debt service related to the project. The project will create and/or cause to create approximately 26 new W-2 jobs at the Project Site with an approximate payroll of \$1,300,000. The total project investment is expected to exceed \$94 million.

Proposed City Assistance

- This ordinance will authorize the Director of Economic Development to enter into a 30-year non-school Tax Increment Finance (TIF) agreement with CCA CBD Cleveland, LLC and/or its designee. The City will have declared certain improvements with respect to the project to be a public purpose and exempt 100% of the improvements from real property taxes.
- The Developer agrees to make certain improvements to the parcel and make payments in lieu of taxes (PILOTS) equal to the taxes that would have been paid for the parcel but for the TIF. A portion of the PILOTS will be paid to the Cleveland Metropolitan School District in the amount the District would have otherwise received but for the TIF by the County ("District Payments"). The balance of the PILOTS will be utilized to fund eligible project costs and project debt. The developer will be responsible for any shortfall of PILOT payments for project costs.
- The TIF will be immediately effective on the residential after the expiration of the 15-year, 100% tax abatement.

Economic Impact

- Creation of approximately 26 new full time jobs in the City of Cleveland
- Project estimates \$32,500 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.

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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 the contract or contracts authorized by this ordinance shall be prepared by the Director of Law.

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.

SMA:nl
11-28-2022
FOR: Director Jackson

