Ordinance No. 693-2026

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Development to enter into a Tax Increment Financing Agreement with East9th Scarlet, LLC, and/or its designee, to assist with the financing of the East9th Scarlet, LLC Project to be located at 2060 East 9th Street; 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 real property that 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. **693-2026-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 seventy-five percent (75%) of the improvements for up to thirty (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 a Tax Increment Financing ("TIF") Agreement authorized by this ordinance in compliance with Sections 5709.41(C)(4) and 5709.83 of the Revised Code; and

WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore,

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BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That the improvements to be constructed by East9th Scarlet, LLC, and/or its designee (collectively, the "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:

EXHIBIT A
LEGAL DESCRIPTION OF PROPERTY

Situated in the City of Cleveland, County of Cuyahoga, and State of Ohio:
And known as being all of sublot Nos. 4,5,6,7, 8, 9, and part of Sublot No. 10, in Trumbull and Storr's Subdivision of a part of Original Two Acre Lot Nos. 106, 107, and 108, as shown by the recorded plat in Volume 43 of Deeds, Page 754 of Cuyahoga County Records, together forming a parcel of land bounded and described as follows:
Beginning at a drill hole and cross set in the northerly line of Prospect Avenue, S.E., 82.5 feet in width, at its intersection with the westerly line of East 9th Street, 99 feet in width;
Course No 1: thence South 78 deg. 12'28" West along said northerly line of Prospect Avenue N.E., 266.99 feet to a drill hole and cross found in the southeasterly corner of land conveyed to 811 Prospect Limited Liability Company by Deed dated October 3, 1996 and recorded in Volume 96-10168, Page 37 of Cuyahoga County Records;
Course No. 2: thence North 11 deg. 36'58" West along the easterly line of land so conveyed to 811 Prospect Limited Liability Company, 206.75 feet to a railroad spike set in the southerly line of Alpha Court, S.E., 15 feet in width;
Course No. 3: thence North 80 deg. 07'11" East along said southerly line of Alpha Court, S.E., 75.77 feet to a P.K. nail set at an angle therein;
Course No. 4: thence North 56 deg. 27'04" East along a southerly line of said Alpha Court, S.E., 101.35 feet to a P.K. nail was set at its intersection with the aforementioned westerly line of East 9th Street;
Course No.5: thence South 33 deg. 32'56" East along said westerly line of East 9th Street, 260.33 feet to the place of beginning, containing 48,283 square feet of land (1.1084 acres), according to a survey by Garrett & Associates, Inc., Registered Engineers and Surveyors, made in February, 2000, be the same more or less but subject to all legal highways.

PPNL 101-27-012 (including 101-27-013)

Section 2. That the City having entered into title in 2026, that year is established as the base year for determining the increment or appreciated value after completion of the Improvements. One hundred percent (100%) of the Improvements are declared exempt from real property taxation for a period of thirty (30) 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 2058. The TIF will become effective on the residential portion after the expiration of the fifteen (15)-year, one hundred percent (100%) CRA tax abatement. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: __________

<u>Project Name</u>:	Project Scarlet
<u>Project Address</u>:	2060 East 9th Street, Cleveland, Ohio 44115 PPN: 101-27-012
<u>Developer</u>:	East 9thScarlet, LLC. and / or Designee
<u>Project Manager</u>:	Ifeoma Ezepue
<u>Ward/Councilperson</u>:	5-Richard Starr
<u>City Assistance:</u>	Non-School TIF

<u>Project Summary and Discussion</u>

East 9thScarlet, LLC or its designee will modernize and transform the landmark Rose and Sloan buildings located downtown at 2060 East 9th Street, Cleveland Ohio 44115, converting them into Marriott branded premium living spaces and Tribute hotel featuring approximately 170 apartments with resident amenities, 121 hotel rooms and approximately 33,323 square feet of commercial office and/retail spaces. The total project cost is estimated to be $126,689,999..

<u>Proposed City Assistance</u>

- This ordinance will authorize the Director of Development to enter into a 30-year non-school Tax Increment Finance (TIF) agreement with East 9thScarlet, 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 school 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 become effective on the residential portion after the expiration of any 15-year, 100% tax abatement.

Economic Impact

- Renovation of previously vacant commercial building to bring it back to full productive reuse.

- The addition of new hotel rooms and housing units in the City aids in addressing the quality housing supply shortage being experienced in Cleveland and nationally.

- The project will result in modest job and payroll creation through the management of residential apartments and hotel units.

- The project's improvement of real estate will increase the long-term funding bases of the City of Cleveland and Cleveland Metropolitan School District through increased property tax valuations.

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 an expanded Community Benefits Agreement.
- Subject to Fair Employment Law (Living Wage).

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 (30) 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, Treasurer, or their 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 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 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 Directors of Development, Finance and Office of Equal Opportunity are authorized to enter into a Community Benefits Agreement with the Redeveloper as a condition to receiving the benefit of the incentive under this ordinance.

Section 9. That the contract or contracts authorized by this ordinance shall be prepared by the Director of Law.

Section 10. 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:uo
6-1-26

FOR: Director Bourdeau Small

Ord. No. 693-2026

[File No. 693-2026-A]

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READ FIRST TIME on JUNE 1, 2026

REPORTS

and referred to DIRECTORS of Development, City Planning Commission, Finance, Law; COMMITTEES on Development Planning and Sustainability, Finance Diversity Equity and Inclusion

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

Recorded Vol. **113** Page

Published in the City Record

REPORT
after second Reading

PASSAGE RECOMMENDED BY COMMITTEE ON
DEVELOPMENT, PLANNING AND SUSTAINABILITY

FILED WITH COMMITTEE

PASSAGE RECOMMENDED BY COMMITTEE ON
FINANCE, DIVERSITY, EQUITY and INCLUSION

FILED WITH COMMITTEE