

**DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 935-17**

Project Name: Cleveland Athletic Club
Project Address: 1118-1148 Euclid Avenue, Cleveland, OH 44115
Developer: CAC Project 2014 Limited Liability Company and/or
designee
Project Manager: Esther Kim
Ward/Councilperson: 3 - McCormack
City Assistance: Non-School TIF

Project Summary and Discussion

CAC Project 2014 Limited Liability Company, or designee, (“Developer”) is proposing to redevelop the Cleveland Athletic Club located at 1118-1148 Euclid Avenue, Cleveland, OH 44115 (“Project Site”) to include 165 units of residential space, 49 indoor parking spaces, 6,800 SF office space and 3,990 SF first floor retail space. CAC Project 2014 Limited Liability Company is a partnership between Great Lakes Financial Group, Precision Environmental and Weingart Development.

The century-old, 16-story Cleveland Athletic Club has been vacant since 2007. After a number of development blocks and hurdles, the Developer took ownership of the building in Spring 2015 with the intent of moving the project forward. Great Lakes Financial Group proposes to relocate their offices to the new office space in the Cleveland Athletic Club, with their current first floor location on Huron Road backfilled with additional retail amenities. The Developer is targeting service-based retail, such as a pharmacy, for the first floor retail at the project.

The total development cost for the project is approximately \$62.8 million. The Developer has incurred significant costs to date, removing asbestos from the property and conducting some interior demolition. The Developer has requested a TIF to address the remaining funding gap, a result of the building’s extended vacancy, deferred maintenance needs and the high cost of construction. Many aesthetic features of the athletic club's original space will stay, as the project was awarded Historic Tax Credits as part of the capital stack.

The property is a critical piece to completing the redevelopment of Euclid Avenue, stitching Downtown and Playhouse Square. The redevelopment of this building will eliminate one of the last major development gaps along Euclid Avenue in this area. In addition, the project will support the residential demand downtown where rental occupancy is near record highs.

Proposed City Assistance

The request to Cleveland City Council is to authorize the Director of Economic Development to enter into the chain of title for certain properties associated with the project for the purpose of entering into a non-school Tax Increment Finance (TIF) agreement with CAC Project 2014 Limited Liability Company or its designee. This TIF agreement will be up to 30 years in length. The City will declare certain improvements with respect to the project to be a public purpose and exempt 100% of the improvements from real property taxes. The project is subject to a 15-year residential tax abatement. The TIF will be on the commercial real estate for the first 15 years and will capture the full value in the remaining 15 years.

Under the agreement, parcels acquired and re-conveyed to the developer will be subject to a TIF under Section 5709.41 of the Ohio Revised Code in consideration for the developer agreeing to make certain improvements to those parcels and making payments in lieu of taxes (PILOTs) equal to the taxes that would have been paid for those parcels but for the TIF. A portion of the PILOT will be paid to the Cleveland Municipal School District in the amount the District would have otherwise received but for the TIF.

This piece of legislation will allow the City of Cleveland to enter into the chain of title for the parcels that are to be included in the TIF district. A second piece of legislation will be required by Cleveland City Council for approval of the TIF Agreement.

Economic Impact

- 219 new residents
- Creation of 6 jobs and retention of 20 jobs in the City of Cleveland
- 190 estimated construction jobs
- Project estimates \$544,678 in new annual property taxes for the School District
- Project estimates \$340,322 in new annual City tax revenue generated from residents and new employees
- Over the 30-year term of the TIF, the project estimates \$8.2 Million in property taxes generated for the School District and \$10.2 Million in income and residence taxes for the City.

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