

DEPARTMENT OF ECONOMIC DEVELOPMENT  
SUMMARY FOR THE LEGISLATIVE FILE  
ORDINANCE NO: 1212-17

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

**Project Summary**

CAC Project 2014 Limited Liability Company, or designee, (“Redeveloper”) 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 an Ohio limited liability company, which is wholly-owned by Cleveland Euclid Hotel Associates, LLC, a Delaware limited liability company (the “Parent”). The managers of the Parent are principals of 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 Redeveloper 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 Redeveloper 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 Redeveloper has incurred significant costs to date, removing asbestos from the property and conducting some interior demolition. The Redeveloper 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 together 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**

- This ordinance will authorize the Director of Economic Development to enter into a 30-year non-school Tax Increment Finance (TIF) agreement with CAC Project 2014 Limited Liability Company 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 project is subject to a 15-year residential tax abatement which is intended to have priority over the TIF exemption. The TIF will, in effect, be on the commercial real estate for the first 15 years and will capture the full value in the remaining 15 years.
- The Redeveloper agrees to make certain improvements to those parcels and make 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 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 Redeveloper will be responsible for any shortfall of PILOT payments for project costs through a “Minimum Service Payment” requirement.
- This ordinance will authorize the Director of Economic Development to enter into a Cooperative Agreement with the Cleveland-Cuyahoga County Port Authority and to assign the PILOTs, exclusive of the District Payments, and the Minimum Service Payments to the Port Authority to provide the necessary gap financing for the project.

### **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