

Ordinance No. 615-2026

**By Council Members Starr, Howse-Jones,
Santana and Griffin
(by departmental request)**

AN EMERGENCY ORDINANCE

Establishing the East Side TIF District, declaring improvements to certain parcels of real property within that district to be a public purpose and exempt from taxation, pursuant to ORC 5709.40, describing the public infrastructure improvements to be made to directly benefit the district, requiring the owners of the improvements on such parcels to make service payments in lieu of taxes, providing for the distribution of those service payments to the Cleveland Municipal School District and to one or more funds established by the City to hold those service payments, determining that satisfactory provision has been made for the public improvement needs of the District and specifying other public improvements that are in support of urban redevelopment within the City.

WHEREAS, Ohio Revised Code (“ORC”) Sections 5709.40, 5709.42 and 5709.43 (collectively, the “TIF Act”) authorize this Council to declare the improvement to parcels of real property located within the City to be a public purpose and exempt from taxation, require the owner of each parcel to make service payments in lieu of taxes, establish a municipal public improvement tax increment equivalent fund for the deposit of those service payments, and specify the purposes for which money in that fund will be expended; and

WHEREAS, the City desires to implement a tax increment financing program under the TIF Act to create the “East Side TIF District” to create, capture, and leverage growth in Cleveland’s Wards 5 and 8 to benefit all Clevelanders, support robust public infrastructure investments to strengthen neighborhoods, and fund investments in housing construction, storefront improvements, lighting, streetscapes and neighborhood investments throughout Cleveland’s neighborhoods; and

WHEREAS, notice of this proposed ordinance has been delivered to the Board of Education of the Cleveland Municipal School District in accordance with and within the time periods prescribed in ORC Sections 5709.40 and 5709.83; and

WHEREAS, this ordinance constitutes an emergency ordinance providing for the immediate preservation of the public peace, property, health or safety for the reasons stated in the recitals and the further reasons that the East Side TIF District and the public improvements to be made therein will support urban redevelopment within the City and approval as an emergency will allow for the collection of service payments to fund public infrastructure investments on the earliest possible date; now, therefore,

Ordinance No. 615-2026

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

Section 1. That the real property subject to this Ordinance is identified and depicted on Exhibit A included in the referenced File below and constitutes the “East Side TIF District” (the “District”). Notwithstanding the foregoing, this ordinance does not apply to any parcel within the District currently exempted from taxation under ORC 5709.40 or ORC 5709.41, it being the intent of this Council that this ordinance does not create concurrent exemptions for purposes of ORC 5709.916 that would terminate the prior exemption of improvements.

Section 2. That Council hereby determines that the City of Cleveland is an impacted City pursuant to ORC 1728.01(C)(1); that over seventy percent (70%) of the parcels are blighted parcels as defined in ORC 1.08, as set forth more particularly in an appendix placed in File No. 615-2026-A, which is hereby incorporated into this ordinance, and in the blight study which is also placed in the above-mentioned file and incorporated into this ordinance; that the blighted parcels substantially impair or arrest the sound growth of the state or a political subdivision of the state, retard the provision of housing accommodations, constitute an economic or social liability, or are a menace to the public health, safety, morals, or welfare in their present condition and use; and therefore that the property is located in a blighted area of an impacted City pursuant to ORC 1728.01, as incorporated into ORC 5709.40.

Section 3. That this Council hereby designates the public infrastructure improvements described in Exhibit B (the “Public Infrastructure Improvements”) and any other public infrastructure improvements hereafter designated by ordinance as public infrastructure improvements made, to be made or in the process of being made by the City that directly benefit, or that once made will directly benefit, the District.

Section 4. That this Council hereby finds and determines that one hundred percent (100%) of the increase in assessed value of each parcel within the District, (as described on Exhibit A) subsequent to January 1, 2027, the effective date of this ordinance, (which increase in assessed value is hereinafter referred to as the “Improvement” as defined in ORC 5709.40(A)) is hereby declared to be a public purpose

Ordinance No. 615-2026

under ORC 5709.40(B) and, except as provided below, will be exempt from taxation for a period commencing on the effective date of this ordinance and ending on the earlier of (a) 30 years after such commencement or (b) the date on which the City can no longer require service payments in lieu of taxes, all in accordance with the requirements of the TIF Act. The exemption provided by this Ordinance is subordinate to any exemption for a parcel granted pursuant to ORC 3735.65 et. seq. or ORC 5709.61 et. seq. The exemption also does not apply to any parcel within the District currently exempted from taxation under ORC 5709.40 or ORC 5709.41.

Section 5. That as provided in ORC 5709.42, the owner of each parcel within the District subject to an exemption granted pursuant to this Ordinance is hereby required to make service payments in lieu of taxes with respect to the Improvement to that owner's parcel to the County Fiscal Officer on or before the final dates for payment of real property taxes. The service payments in lieu of taxes will be charged and collected in the same manner and in the same amount as the real property taxes that would have been charged and collected against that Improvement if it were not exempt from taxation pursuant to Section 3, including any penalties and interest (collectively, the "Service Payments"). The Service Payments, and any other payments with respect to each Improvement that are received in connection with the reduction required by ORC 319.302, 321.24, 323.152 and 323.156, as the same may be amended from time to time, or any successor provisions thereto as the same may be amended from time to time (the "Property Tax Rollback Payments"), will be deposited and distributed in accordance with Section 6.

Section 6. That this Council establishes, pursuant to and in accordance with the provisions of ORC 5709.43, the East Side Municipal Public Improvement Tax Increment Equivalent Fund (the "TIF Fund"), into which the Service Payments and Property Tax Rollback Payments distributed by the County to the City with respect to the parcels within the District will be deposited. The TIF Fund will be maintained in the custody of the City. The City may use amounts deposited into the TIF Fund only for the

Ordinance No. 615-2026

purposes authorized in the TIF Act and this Ordinance (as it may be amended). The TIF Fund will remain in existence so long as the Service Payments and Property Tax Rollback Payments are collected and used for the aforesaid purposes, after which time the TIF Fund will be dissolved and any surplus funds remaining therein transferred to the City's General Fund, all in accordance with ORC 5709.43.

Section 7. That pursuant to the TIF Act, the County Fiscal Officer is requested to distribute the Service Payments and Property Tax Rollback Payments as follows:

a. To the Cleveland Municipal School District, an amount equal to the amount the school district would otherwise receive as real property tax payments (including the applicable portion of any Property Tax Rollback Payments) derived from the Improvement to each parcel within the District if the Improvement had not been exempt from taxation pursuant to this Ordinance.

b. To the City, all remaining amounts for further deposit into the TIF Fund as required by ORC 5709.43 for payment of costs permitted under this Ordinance (as may be amended) and authorized by separate Council legislation, including, without limitation, debt charges on any notes or bonds issued to pay or reimburse those costs.

c. All distributions required under this Section are requested to be made at the same time and in the same manner as real property tax distributions. The City shall make any distributions to the extent not made by the County Fiscal Officer.

d. That any and all use of District TIF proceeds shall require additional legislative authority, including issuance of debt.

Section 8. That the Director of Development and other appropriate City officials are hereby authorized to allocate funds deposited into the TIF funds to pay the costs of public infrastructure improvements and are further authorized to provide such information and to execute, certify or furnish such other documents, and to do all of the things as are necessary for and incidental to carrying out the provisions of this ordinance, with any contracts prepared or approved by the Director of Law and approved and certified by the Director of Finance.

Ordinance No. 615-2026

Section 9. That the City is an “impacted city” under ORC 1728.01 and that, pursuant to the authority granted by Section 757.70 of Am. Sub. H.B. No. 33 of the 135th General Assembly, satisfactory provision has been made for the public improvement needs of the parcels within the District and that the public improvements made, to be made, or in the process of being made within the City as described on Exhibit B to this Ordinance that do not directly benefit the District are in support of urban redevelopment within the meaning of ORC 5709.41.

Section 10. That the Clerk of Council is hereby directed to deliver a copy of this Ordinance to the Director of the Department of Development of the State of Ohio within fifteen days after its passage.

Section 11. That this Council finds and determines that all formal actions of this Council and any of its committees concerning and relating to the passage of this Ordinance were taken in an open meeting of this Council or any of its committees, and that all deliberations of this Council and of any of its committees that resulted in those formal actions were in meetings open to the public, all in compliance with the law, including ORC 121.22.

Section 12. That the Director of Finance shall provide all members of Council a report every six months pertaining to funds collected within the TIF District.

Section 13. That this ordinance is hereby declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all members elected to Council, it shall take effect as of January 1, 2027, or the earliest date thereafter permitted by law.

SMA:uo
5-11-26

FOR: Director Bordeau-Small

Ord. No. 615-2026

[File No.615-2026-A]

REPORT
after second Reading

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

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READ FIRST TIME on MAY 11, 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

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
