

Ordinance No. 1091-2023

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 Apartment 92-The Apollo, LLC, and/or its designee, to assist with the financing of the Apollo Mixed-Use Development Project to be located at 1250 Riverbed 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, under Ordinance No. 788-2023, passed August 16, 2023, the City acquired the property which is more particularly described in this ordinance (the “Real Property”) for purposes of future redevelopment, (Deed dated September 18, 2023, AFN # 202309180257) authorized the property to be conveyed to Apartment 92-The Apollo, LLC, and/or its designee, (“Redeveloper”), (Deed dated September 18, 2023, AFN # 202309180258) and authorized an agreement 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. 1091-2023-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

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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

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 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

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio, and known as being parts of Sub Lots Nos. 388, 389, 390, 391, 392, 393, 394 and an unnumbered lot lying next Northerly of Sub Lot No. 388 in Block P in the Buffalo Company’s Allotment of part of Original Brooklyn township Lots Nos. 51 and 70, as sown by the recorded plat in Volume 3 of Maps, Page 51 of Cuyahoga County Records, and part of Riverbed Street, N.W., (formerly River Street), now vacated, and together forming a parcel of land bounded and described as follows:

Beginning on the Southerly line of Sycamore Street, N.W., 66 feet wide, at its intersection with the Southeasterly line of Superior Avenue, N.W., 80 feet wide, (Formerly The Viaduct); thence Easterly, along the Southerly line of Sycamore Street, N.W., about 47.54 feet to the present Northwesterly line of Riverbed Street, N.W., said line being also the Southeasterly line of the portion of Riverbed Street, N.W. vacated by Ordinance No. 644-48 of the City of Cleveland, passed April 26, 1948; thence Southwesterly, along the present Northwesterly line of Riverbed Street, N.W., to the Northeasterly corner of land conveyed to Allan Mencin by Deed dated December 29, 1972; recorded in Volume 13172, Page 417 of Cuyahoga County Records; thence Northwesterly, along the Northeasterly line of said land conveyed to Allan Mencin, 65.48 feet to the Southeasterly line of Superior Avenue, N.W., as aforesaid; thence Northeasterly, along said Southeasterly line of Superior Avenue, N.W. to the principal place of beginning, be the same more or less, but subject to all legal highways.

Also known as being: 1250 Riverbed Street, Cleveland, OH 44113

Permanent Parcel No. 003-19-007

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 2056. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

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Project Name: The Apollo Mixed-Use Development Project
Project Address: 1250 Riverbed Street, Cleveland, Ohio 44113
Legal Name of Project: Apartment 92-The Apollo, LLC and/or Designee
Project Manager: Kevin Schmotzer
Ward/Councilperson: 3-Kerry McCormack
City Assistance: Non-School TIF

Project Summary and Discussion

Apartment 92-The Apollo, LLC and/or Designee, (“Owner/Developer”) is proposing a mixed use development project located at 1250 Riverbed Street, Cleveland, OH 44113 (“Project Site”). In order to assist with the project financing, the Owner/Developer has requested the City impose a 5709.41, 30-Year, Non-School TIF. The TIF will support debt service related to the project as an incentive to partially offset additional development costs to convert the former industrial on the west bank of the Flats to a “mixed-use development project.” The Apollo mixed-use development project will include approximately 70 apartment units and 2,741 sq. ft. of commercial / office space. The project will create and/or cause to create approximately eight (8) new W-2 jobs at the Project Site with an approximate payroll of \$400,000 and retain/cause to retain approximately zero W-2 jobs. Total project cost are estimated at \$17,958,489.

Proposed City Assistance

The request to Cleveland City Council is to authorize the Director of Economic Development to enter into a non-school Tax Increment Finance (TIF) agreement with Apartment 92-The Apollo, LLC 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.

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’s Director of Economic Development to enter into a Tax Increment Financing (5709.41 non-school TIF Agreement).

Economic Impact

- Creation of approximately 8 new full time W-2 jobs in the City of Cleveland;
- Retention of approximately 0 full time jobs in the City of Cleveland;
- Project estimates \$10,000 in new annual City income tax revenue.

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.

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

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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
9-25-2023
FOR: Interim Director Hamilton Brown

