

Ordinance No. 1369-2025

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Pennrose Holding LLC, and/or its designee, to assist with the financing of the Warner and Swasey I, LLC and Warner and Swasey II, LLC Projects to be located at 5701 Carnegie Avenue; 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, the City was the prior owner of record of the subject real property, as evidenced by deeds dated July 11, 1991, recorded in Volume 91-4240 Page 59 and October 18, 2021, recorded as Instrument No. 202110180606, and has since conveyed the property to the Redeveloper, or its designee, pursuant to a deed dated October 9, 2025, recorded as Instrument No. 202510090636; 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. **1369-2025-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

Ordinance No. 1369-2025

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 Pennrose Holding, 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 B
Legal Description
5701 Carnegie Avenue, Cleveland OH 44103
PPN 118-11-020

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being all of Sublot Nos. 5 through 10 and part of Sublot No. 4 in the George Westlake and George N. Chase's Subdivision as shown by the plat recorded in Volume 5, Page 49 of Cuyahoga County Records and part of the Original One Hundred Acre Lot No. 337 and further bounded and described as follows:

Beginning at the intersection of the centerlines of Carnegie Avenue (formerly East Prospect) (80 feet wide) and East 55th Street (formerly Wilson Avenue) (100 feet wide);

Thence South 89°44'15" East along the centerline of Carnegie Avenue, 50.00 feet to a 1" iron pin in a monument box found;

Thence North 00°00'00" East, 40.00 feet to a 5/8" iron pin set on the northerly right of way of Carnegie Avenue and the easterly right of way of East 55th Street;

Thence South 89°44'15" East along the northerly right of way of Carnegie Avenue, 277.87 feet to a drill hole set and being the Principal Place of Beginning of "Parcel D" herein described;

Thence North 00°15'45" East, 431.95 feet to a 5/8" iron pin set at a point of curvature;

Thence along a curve deflecting to the left, an arc of 47.51 feet with a delta of 52°20'54", said curve having a radius of 52.00 feet and a chord that bears North 25°54'42" West, 45.87 feet to a 5/8" iron pin set;

Thence North 00°15'45" East, 37.66 feet to a p.k. nail set;

Thence North 51°32'32" East, 56.00 feet to a drill hole set on retaining wall on the westerly line of land described to Pennsylvania Lines LLC (formerly Cleveland Pittsburgh Railroad (P.P.N. 118-11-002)) by the deed dated August 20, 2002 and recorded in AFN 200208200162 of Cuyahoga County Deed Records;

Thence South 38°27'28" East along the westerly line of land so described to Pennsylvania Lines LLC, 100.75 feet to a drill hole set on retaining wall at a point of curvature;

Thence continuing along the westerly line of land so described to Pennsylvania Lines LLC along a curve deflecting to the right, an arc of 9.96 feet with a delta of 02°14'17", said curve having a radius of 255.00 feet, and a chord that bears South 65°44'50" East, 9.96 feet to a drill hole set on retaining wall;

Thence South 38°44'13" East continuing along the westerly line of land so described to Pennsylvania Lines LLC, 479.42 feet to a drill hole set on retaining wall;

Ordinance No. 1369-2025

Thence South 47°49'37" East continuing along the westerly line of land so described to Pennsylvania Lines LLC, 69.63 feet to a drill hole set on retaining wall;

Thence South 34°44'13" East continuing along the westerly line of land so described to Pennsylvania Lines LLC, 49.28 feet to a drill hole set on retaining wall on the northerly right of way of said Carnegie Avenue;

Thence South 89°16'30" West along the northerly right of way of Carnegie Avenue, 214.40 feet to a drill hole set at an angle point;

Thence North 89°44'15" West continuing along the northerly right of way of Carnegie Avenue, 263.00 feet to the **Principal Place of Beginning**, containing 3.1500 acres (137,214 square feet) of land as surveyed and described by Edward B. Dudley, P.S. No. 6747 of The Riverstone Company in February of 2021 and subject to all legal highways, restrictions, reservations and easements of record.

Note: All 5/8"x30" iron pins set and capped "Riverstone Company PS6747-PS8646"

Basis of Bearings: The centerline of East 55th Street as North 00°00'00" East as recorded in land described to City of Cleveland by deed dated July 11, 1991 and recorded in Volume 91-4240, Page 59 of Cuyahoga County Deed Records.

Deed of Reference: Land described to City of Cleveland by deed dated July 11, 1991 and recorded in Volume 91-4240, Page 59 of Cuyahoga County Deed Records.

Section 2. That the City having previously entered into a chain of title and by the Ordinance in 2025 having authorized a TIF Agreement on the subject Real property, the legislative year 2025 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 2057. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

<u>Project Name:</u>	Pennrose Holding, LLC – Warner & Swasey I & II
<u>Project Address:</u>	5701 Carnegie Avenue, Cleveland, Ohio 44103
<u>Developer:</u>	Pennrose Holding, LLC. and / or Designee
<u>Project Manager:</u>	Ifeoma Ezepue
<u>Ward/Councilperson:</u>	5-Richard Starr
<u>City Assistance:</u>	Non-School TIF

Project Summary and Discussion

Pennrose Holding, LLC or its designee will create affordable housing units for seniors and families across four floors at the Historic Warner and Swasey I, LLC and Warner and Swasey II, LLC Building. The housing development project will create approximately 112 units in a mix of Studio, 1-Bedroom, and 2-bedrooms on the upper floors. Warner and Swasey I, LLC will create 56 units of Senior housing on floors two and three. Warner and Swasey II, LLC will create 56 units of Family/General Occupancy housing on floors four and five.

Proposed City Assistance

Ordinance No. 1369-2025

- This ordinance will authorize the Director of Economic Development to enter into a 30-year non-school Tax Increment Finance (TIF) agreement with Pennrose Holding, 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 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 the 15-year, 100% tax abatement.

Economic Impact

- Creation of three (“3”) full time W-2 jobs in the City of Cleveland.
- Renovation of previously vacant commercial building to bring it back to full productive reuse.
- Improving the low-income housing stock.

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.

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 or Treasurer, or 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.

Ordinance No. 1369-2025

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 Directors of Economic 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.

SM:uo
10-27-25

FOR: Director Bourdeau Small

By Council Members Hairston and Griffin (by departmental request)

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Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Pennrose Holding LLC, and/or its designee, to assist with the financing of the Warner and Swasey I, LLC and Warner and Swasey II, LLC Projects to be located at 5701 Carnegie Avenue; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

READ FIRST TIME on OCTOBER 27, 2025

REPORTS

and referred to DIRECTORS of Economic 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

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