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To: Barbara Langhenry, Director
Department of Law

From: David Ebersole, Director
Department of Economic Development *DE*

Subject: Request for Legislation – TIF Agreement for Western Reserve Building

Date: **October 13, 2020**

Confidential Subject to Attorney Client Privileges

Please prepare legislation for introduction at the next meeting scheduled for **October 28, 2020** that authorizes the following:

Authorizing the Director of Economic Development to enter into a Non-School Tax Increment Financing agreement with WRB Partners LLC and/or designee for the redevelopment of the Western Reserve Building, into a multi-tenant office amenity for the Warehouse District. Parcels 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. The 41 TIF will cover PPN 101-14-010.

A portion of the PILOTS will be paid by the County to the Cleveland Municipal School District in the amount the District would have otherwise received but for the TIF. The balance of the PILOTS will fund eligible project costs or project debt. Any remaining PILOTS will be made available for economic development purposes as determined by the Director of the Economic Development Department. The Developer will be responsible for any shortfall of PILOT payments for the project costs.

The State of Ohio has requested that all TIFs be in conformance with a set plan for redevelopment. Attached is the City’s 2020 Citywide Plan. This will be part of the legislative file and the plan should be referenced in the ordinance such as “per the redevelopment plan attached hereto.”

As always, your cooperation is appreciated

DE/cs

cc: Cassie Slansky, Robin Brown, Sharon Dumas, Anthony Svoboda, Dan Rehor, file

DEPARTMENT OF ECONOMIC DEVELOPMENT
MEMORANDUM FOR LEGISLATION

DATE OF REQUEST: 10-13-20

INITIATED BY: Cassie Slansky

DIVISION/PHONE x3010

COUNCILPERSON CONTACTED ON: 6-8-2020

Legislation to be passed under suspension: Yes _____ No X

ACTION REQUESTED: Apply _____ Enter Into Contract X
Accept _____ Amend Ordinance No. _____
Expend _____ Other (Copy Attached) _____

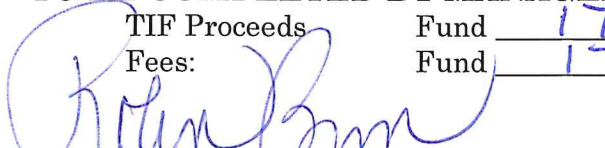
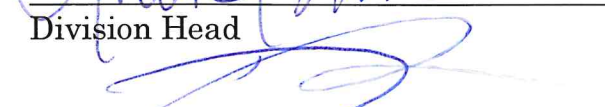
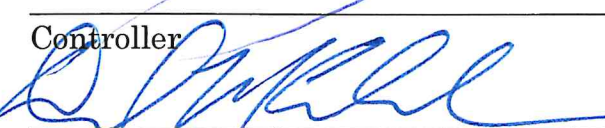
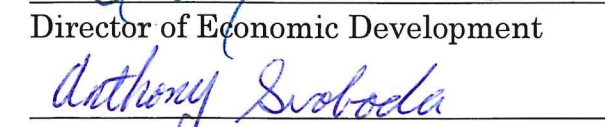
DIVISION OF PURCHASE - REQUEST FOR LEGISLATION FORM:

R.L. X NOT APPLICABLE COMPLETED & FORWARDED

Authorizing the Director of Economic Development to enter into a Non-School Tax Increment Financing agreement with WRB Partners LLC and/or designee for the redevelopment of the Western Reserve Building, into a multi-tenant office amenity for the Warehouse District. Parcels 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. The 41 TIF will cover PPN 101-14-010.

A portion of the PILOTS will be paid by the County to the Cleveland Municipal School District in the amount the District would have otherwise received but for the TIF. The balance of the PILOTS will fund eligible project costs or project debt. Any remaining PILOTS will be made available for economic development purposes as determined by the Director of the Economic Development Department. The Developer will be responsible for any shortfall of PILOT payments for the project costs.

TO BE COMPLETED BY MANAGEMENT ONLY:

TIF Proceeds	Fund <u> 17 </u>	Subclass <u> 17030 </u>
Fees:	Fund <u> 17 </u>	Subclass <u> 17305 </u>
		<u> 10-13-2020 </u>
Division Head		Date
		<u> 10/13/20 </u>
Controller		Date
		<u> 10.13.20 </u>
Director of Economic Development		Date
		<u> 10/13/2020 </u>
Legislative Liaison		Date

JUSTIFICATION: The passage of this ordinance is necessary to move forward with the development of this property.

**DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 857-2020**

Project Name: Western Reserve Building
Project Address: 1468 W 9th Street, Cleveland, OH 44113
Developer: WRB Partners LLC and/or designee
Project Manager: Cassie Slansky
Ward/Councilperson: 3-Kerry McCormack
City Assistance: Non-School TIF

Project Summary and Discussion

WRB Partners LLC or designee, (“Developer”) is proposing a redevelopment project located at 1468 W 9th Street, Cleveland, OH 44113 (“Project Site”). In order to assist with the project financing, the Developer has requested the City impose a 5709.41, 30-Year, Non-School TIF. The TIF will support debt service related to the project and assist with the redevelopment of the property into a multi-tenant office amenity for the Warehouse District. The project will create and/or cause to create 85 new W-2 jobs at the Project Site with an approximate payroll of \$4,700,000 and retain/cause to retain 90 jobs.

The Western Reserve Building was first constructed in 1890 and is one of the oldest office buildings in Downtown. In 1990, an addition was added to the eight-story building. The buildings anchor tenant was K.A. Architecture, who occupied over 22,000 square feet and then relocated outside of the City in 2015. The building has over 143,000 square feet of rentable space and has sat at least 50 percent vacant for the last three years.

The Developers of WRB Partners LLC have significant experience renovating, leasing, refinancing, and repositioning office properties across Northeast Ohio, with over 60 years of combined experience in real estate and creative industries. This project will rehab 40,665 square feet of office space for multiple new tenants. This redevelopment will allow the building to go from 50 percent leased to over 90 percent of leased office space. The total project investment is expected to exceed approximately \$13 million.

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 WRB Partners 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.

Economic Impact

- Creation of 85 jobs in the City of Cleveland
- Retention of 90 full time jobs in the City of Cleveland
- Project estimates \$117,500 in new annual City tax revenue generated from residents and new employees
- The project will generate \$76,641 in annual property taxes for the School District.

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



- Street Centerlines
- Zoning
- Proposed Landuse 2020
 - COMMERCIAL, COMMERCIAL
 - LIGHT INDUSTRY, LIGHT INDUSTRY
 - RECREATION/OPEN SPACE, RECREATION;
 - RECREATION/OPEN SPACE, RECREATIONAL
 - RETAIL
 - SINGLE / TWO FAMILY
 - TRANSPORTATION
 - COMMERCIAL PARKING
 - COMMERCIAL SERVICES
 - HEAVY INDUSTRY
 - INFRASTRUCTURE
 - INSTITUTIONAL
 - MIXED-USE
 - MULTI FAMILY, MULTI-FAMILY
 - OFFICE
 - OPEN SPACE
 - RETAIL, RETAIL
 - TOWNHOUSE, TOWNHOUSES
 - TRANSPORTATION
- Riparian - Wetland Zones
- Riparian - Setbacks
- World Topographic Map
- 2019 Fall Aerial Imagery (Cuyahoga County GIS)
- City Planning Basemap