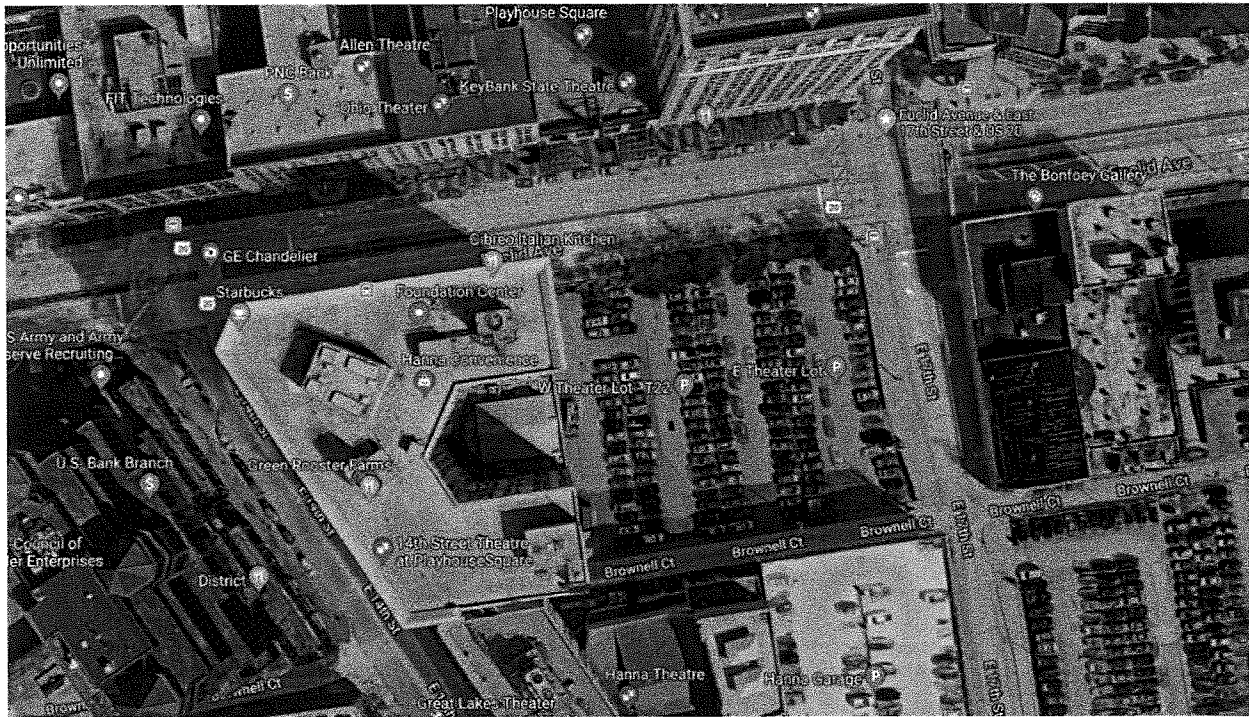


**DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 388-18**

Project Name: Playhouse Square Tower
Project Address: East 17th/Euclid Avenue, Cleveland, OH 44115
Developer: Playhouse Square
Project Manager: Robin Brown
Ward/Councilperson: 3 - McCormack
City Assistance: Non-School TIF



Project Summary and Discussion

Playhouse Square Foundation or designee, (“Developer”) is proposing to develop a 34-story, 315-unit residential tower on the existing parking lot at the Southwest corner of E. 17th & Euclid Ave, Cleveland, OH 44115 (“Project Site”). The project would consist of a 4-story 550-space parking garage with residential use above. The first floor of the garage would include space that could be developed for retail if a substantial and viable tenant emerges. In order to assist with the project financing, Playhouse Square 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 development of the residential tower and garage. The project will create and/or cause to create 10 new W-2 jobs at the Project Site. Estimated value of TIF is \$4,200,000.

Playhouse has been working on this project for several years. They view this project as a key element to the revitalization of the Playhouse Square district, providing a crowning building to anchor the eastern end of the district before giving way to the CSU Campus. In order to advance the project, Playhouse has been selling and refinancing its real estate holdings in order to generate the substantial cash on-hand to invest in this project. The project will remove a low-quality surface parking lot from the downtown area and is expected to attract over 300 new residents and create 10 jobs in downtown.

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 Playhouse Square Foundation 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 be immediately effective on the residential tower and new parking garage after the expiration of the 15-year tax abatement for new residential construction.

Economic Impact/Justification

- Estimated 10 FTE (\$288,000 annual payroll)
- Once stabilized, the project is expected to generate approximately \$800,772.22 in annual property taxes for the School District upon expiration of the residential tax abatement.
- Over the 30-year term of the TIF, the project is expected to generate approximately \$10,766,250 in residence taxes and \$ 216,000 in income taxes for the City.
- Construction of new downtown tower is critical to demonstrate to the market that these developments are feasible.
- Lack of new construction housing in downtown
- Serves as anchor to Euclid Avenue at CSU/Playhouse Square

Community Benefits

- Subject to Chapter 187: MBE/FBE/CSB requirements
- Subject to Chapter 188: Fannie Lewis Cleveland Residential Employment Law
- Subject to Chapter 189: Fair Employment Wage
- Subject to a Workforce Development Agreement for all new jobs.