

Ordinance No. 150-18

**Council Members McCormack, Brancatelli
and Kelley (by departmental request)**

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Project 29 Partners LLC, or its designee, for the redevelopment of a parking lot on Detroit Avenue between West 28th Street and West 29th Street; to provide for payments to the Cleveland City 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 has entered into the chain of title for the Property which is more particularly described in the File set forth in this ordinance (the "Real Property") 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. 150-18-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 City 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 Project 29 Partners LLC, or its designee, ("Redeveloper"), are declared to be a public purpose for purposes of Section 5709.41 of the Revised Code. The Real Property is more fully described as follows:

EXHIBIT A

LEGAL DESCRIPTION
PARCEL "C"

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio known as being Parcel "C" of the Lot Consolidation Plat for Project 29 Partners LLC. recorded in AFN 201709290383 of Cuyahoga County Records and known as being part of sublots 66 and all of subplot 69,70,71,72 in the Charles Taylor Farm Allotment of part of Original Brooklyn Township Lot No. 51 as recorded in Volume 2, Page 22 of Cuyahoga County Records and all of subplot 25 of the Barber & Lord's Subdivision of part of Original Brooklyn Township 51 as recorded in Volume 11, Page 26 of Cuyahoga County Records, also known as all of "Lot 2" and all of "Parcel 2" in the Plat of Lot Split and Consolidation for MeToo, LLC recorded in AFN 201705260523 of Cuyahoga County records and all of Parcel "A" in the Lot Split and Consolidation for Hingetown LLC recorded in AFN 201707210278 of Cuyahoga County Records and being further bounded and described as follows:

Beginning at a monument box with drill hole in a stone found at the intersection of the centerline of Detroit Ave., 66 feet wide, where it meets the centerline of West 28th Street, 66 feet wide; Thence South 59°27'50" West, along the centerline of Detroit Ave, a distance of 145.60 feet to a point; Thence South 13°27'10" East a distance of 34.52 feet to a point on the southerly right of way line of Detroit Ave. and known as the Principal Place of Beginning.

Thence continuing South 13°27'10" East a distance of 220.87 feet to a 5/8" capped iron pin set on the northerly right of way line of Church Ave., 66' wide,;

Thence South 76°52'20" West, along the northerly right of way line of Church Ave, a distance of 153.87 feet to a Mag Nail found at an angle point in the right of way;

Thence South 60°19'28" West, continuing along the northerly right of way line of Church Ave., a distance of 58.43 feet to a Mag Nail found (said nail found off 0.05 feet north and 0.05 feet west);

Thence North 29°38'03" West a distance of 166.49 feet to a 5/8" capped iron pin set on the southerly right of way line of Detroit Ave.;

Thence North 60°20'12" East, along the southerly right of way line of Detroit Ave., a distance of 148.10 feet to a ¾" iron pipe found at an angle point in the right of way (said iron pipe found being off 0.41 feet north and 0.19 feet west);

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Thence North 59°27'50" East, continuing along the southerly right of way line of Detroit Ave., a distance of 119.43 feet to a 5/8" capped iron pin set on the southerly right of the line of Detroit Ave and at the principal place of beginning and containing 1.0111 acres (44,043 square feet) of land as surveyed by Stephen Hovancsek & Associates, Inc. in May of 2017, under the direction of Ryan A. Snezek, Registered Surveyor No. 8495, State of Ohio, be the same more or less but subject to all legal highways.

The basis of bearing for this description being the state plane coordinate system. All capped iron pins set are 5/8-inch diameter rebar, 30 inches long with a yellow plastic cap stamped SH&A 8495.

Section 2. That one hundred percent (100%) of the Improvements are declared exempt from real property taxation for a period of thirty years; and that in no event shall the exemption period extend beyond 2050. The terms of the agreement are as follows:

DEPARMENT OF ECONOMIC DEVELOPMENT SUMMARY FOR THE LEGISLATIVE FILE

<u>Project Name:</u>	Church & State
<u>Project Address:</u>	Between West 28 th and West 29 th Streets on Detroit Avenue
	Cleveland, OH 44113
<u>Developer:</u>	Project 29 Partners LLC and/or designee
<u>Project Manager:</u>	Richard Barga
<u>Ward/Councilperson:</u>	3 - McCormack
<u>City Assistance:</u>	Non-School TIF

Project Summary and Discussion

Two parking lots on Detroit Avenue in Ohio City have been targeted for development of a \$50 million project with approximately 161 apartments and over 20,000 SF of retail space. Located between West 28th and West 29th Streets on Detroit Avenue, Church & State will have two buildings, one eleven stories high and the other seven stories, and include 211 indoor parking spaces. The buildings will be separated by a public space, including a splash fountain and seating for public events or concerts. The retail currently targeted includes a pharmacy, laundry, a hardware store or tool lending library. The buildings, located on a RTA bus route will also include 177 spaces for bike storage. This form of dense residential development will support transit use, walkability and bring more residents to the neighborhood.

The additional housing proposed with this project will provide much needed supply to an area that is in high demand for people looking to live downtown—where occupancy has soared to nearly 98%. As young professionals and empty nesters flock to downtown, they are sure to be attracted to this project for the possibility of living within walking distance to many amenities downtown and Ohio City while maintaining the ease of access beyond downtown. The redevelopment is expected to be completed in second quarter of 2020.

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 Project 29 Partners LLC or its designee, for certain properties associated with the project. This TIF agreement will be up to 30 years in length. The City will

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declare certain improvements with respect to the project to be a public purpose and exempt 100% of the improvements from real property taxes. The project is subject to a 15-year residential tax abatement. The TIF will be on the commercial retail estate for the first 15 years and will capture the full value in the remaining 15 years. 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. The balance of the PILOTs will be utilized to fund eligible project costs and project debt.

Economic Impact

- Approx.. 161 new apartments
- Creation of 40FTE jobs in the City of Cleveland (estimated \$1,354,520 annual salaries)
- 496 estimated construction jobs
- Project estimates \$33,863 New Jobs City Income Tax (annual)
- Project estimates \$232,296 New Resident City Income Tax (at stabilization in Year 1)
- Over the 30-year term of the TIF, the project estimates \$10.3 Million in property taxes generated for the School District and \$8 Million in income residence taxes for the City

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 Treasurer; 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 Treasurer to the Treasurer of the District in the amount of the taxes that would have been payable to the District had the Improvement 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

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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 under Section 5709.43 of the Revised Code, there is established an identified Urban Redevelopment Tax Increment Equivalent Fund into which shall be deposited service Payments in Lieu of Taxes ("PILOTS") which shall be used for the purposes described in this ordinance, or File, 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 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:nl
2-5-18

FOR: Interim Director Ebersole

Council Members McCormack, Brancatelli and Kelley (by departmental request)

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READ FIRST TIME on FEBRUARY 5, 2018

REPORTS

and referred to **DIRECTORS** of Economic Development,
City Planning Commission, Finance, Law;
COMMITTEES on Development Planning and Sustainability, Finance

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

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COMMITTEE ON
DEVELOPMENT, PLANNING AND
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FILED WITH COMMITTEE

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COMMITTEE ON
FINANCE

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