

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

ORDINANCE NO: 80-18

<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 158 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 204 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 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.

This piece of legislation will allow the City of Cleveland to enter into a chain of title for the parcels that are to be included in the TIF district. A second piece of legislation will be required by Cleveland City Council for approval of the TIF Agreement.

Economic Impact

- 158 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