

Ordinance No. 904-18

**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 Alto JHB Acquisition, LLC, and/or its designee, to support debt service related to the Euclid Grand Redevelopment Project and assist with the redevelopment of market rate apartments, commercial space, and parking for residents; 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 Nine Twelve District Plan, a copy of which is placed in File No. 904-18-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

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,

Ordinance No. 904-18

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That the improvements to be constructed by Alto JHB Acquisition, LLC and/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"

PARCEL NO. 1 PPN 101-36-012:

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio and known as being part of Original Two Acre Lots Nos. 155 and 156, and bounded and described as follows:

Beginning on the Northerly line of Euclid Avenue, 99 feet wide, at a point distant 145.74 feet Easterly, measured along said Northerly line of Euclid Avenue from its intersection with the Northeasterly line of East 9th Street (formerly Erie Street), 99 feet wide, said place of beginning being also the Southwesterly corner of land conveyed to Lucretia J. Prentiss and Ellen A. Cox, by deed dated January 25, 1901, and recorded in Volume 771, Page 594 of Cuyahoga County Records;

Thence Easterly along the Northerly line of Euclid Avenue, 145.74 feet to the Southwesterly corner of land conveyed to the Loomis Company, by deed dated December 31, 1912, and recorded in Volume 1437, Page 507 of Cuyahoga County Records;

Thence Northerly along the Westerly line of land so conveyed to the Loomis Company, which is also along the center line of a party wall created between the Loomis Company and the Euclid Company by Agreement recorded in Volume 1453, Page 122 of Cuyahoga County Records, and along the Northerly prolongation thereof, 265.15 feet to the Northwesterly line of said Original Lot No. 156;

Thence Southwesterly along the Northwesterly line of said Original Lots Nos. 156 and 155, 158.49 feet to the Northwesterly corner of land conveyed to Lucretia J. Prentiss and Ellen A. Cox, as aforesaid;

Thence Southerly along the Westerly line of land so conveyed, 200.97 feet to the place of beginning, according to a survey dated March 13, 1950 and updated on November 24, 1971 made by Edward C. O'Rourke Registered Surveyor, be the same more or less, but subject to all legal highways.

PARCEL NO. 2 PPN 101-36-011:

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio known as being part of Sublot No. 62 in J.M. Woolsey's Allotment of part of Original Two Acre Lot Nos. 156 to 162, both inclusive, and all of Original Two Acre Lot Nos. 163 to 167, both inclusive, as shown by the recorded plat in Volume "N" of Deeds, Page 486 of Cuyahoga County Records, bounded and described as follows:

Beginning on the Northerly line of Euclid Avenue, 99 feet in width, at the Southwesterly corner of Sublot No. 62 in said J.M. Woolsey's Allotment from which point a PK nail was set 1.00 foot Southerly;

Course No. 1: Thence North 10° 35' 53" West along the Westerly line of Sublot No. 62 in said J.M. Woolsey's Allotment, 248.66 feet to a PK nail set in the Southeasterly line of Hickory Court NE, 15.12 feet in width, being also the Westerly terminus thereof;

Course No. 2: Thence North 55° 49' 01" East along said Southeasterly line of Hickory Court NE, 54.56 feet to the Northwesterly corner of Parcel 1A of land conveyed to Statler Arms, Inc., by deed dated December 27, 1996 and recorded in Volume 97-00021, Page 4 of Cuyahoga County Records, from which point a PK nail was set 1.00 feet Northerly;

Course No. 3: Thence South 10° 35' 53" East along the Westerly line of said Parcel 1A of land so conveyed to Statler Arms, Inc. and along the Westerly line of land conveyed to Trebmal Construction, Inc., by deed dated October 5, 1983 and recorded in Volume 83-0853, Page 17 of Cuyahoga County Records, 270.65 feet to a point in the aforementioned Northerly line of Euclid Avenue, from which point a drill hole and cross was set 1.00 foot Southerly;

Ordinance No. 904-18

Course No. 4: Thence South 79° 35' 28" West along said Northerly line of Euclid Avenue, 50.00 feet to the place of beginning, containing 12,984 square feet of land, according to a survey by Garrett & Associates, Inc., Registered Engineers and Surveyors, made in July, 2000, be the same more or less, but subject to all legal highways.

The bearings used herein are based on an assumed meridian and are used only to denote angles.

PARCEL NO. 3 PPN 101-36-008:

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio and known as being a part of Sublot No. 62 in John M. Woolsey's Subdivision of part of Original Two Acre Lots Nos. 156 to 162 and all of Original Two Acre Lots Nos. 163 to 167 both inclusive, as shown by the recorded plat in Volume "N" of Deeds, Page 486 of Cuyahoga County Records, forming a parcel of land bounded and described as follows:

Beginning on the Northerly line of Euclid Avenue, 99 feet in width, at the Southeasterly corner of land conveyed to Robert M. Levin, Trustee, and others by deed dated February 19, 1981 and recorded in Volume 15429, Page 403 of Cuyahoga County Records, being also the Southeasterly corner of land of George W. Gardner and others, as described in a boundary line agreement dated February 10, 1900 and recorded in Volume 753, Page 384 of Cuyahoga County Records;

Course No. 1: Thence North 10° 36' 09" West along the Easterly line of land so conveyed to Robert M. Levin, Trustee, and others, and also the Easterly line of land of George W. Gardner, and others, 135.67 feet to its intersection with a line drawn parallel with and distant 135.67 feet Northerly by rectangular measurement from the Northerly line of said Euclid Avenue;

Course No. 2: Thence North 79° 35' 51" East along said parallel line 46.28 feet to a point;

Course No. 3: Thence South 10° 35' 39" East, 135.67 feet to a point in the Northerly line of aforementioned Euclid Avenue;

Course No. 4: Thence South 79° 35' 51" West along the Northerly line of said Euclid Avenue, 46.26 feet to the place of beginning, containing 6,278 square feet of land (0.1441 acres) according to a survey by Garrett and Associates, Inc., Registered Engineers and Surveyors, made in September, 1983, be the same more or less, but subject to all legal highways.

Section 2. That one hundred percent (100%) of the Improvements are declared exempt from real property taxation for a period of thirty 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 2049. The terms of the agreement are as follows:

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

<u>Project Name:</u>	Euclid Grand Redevelopment
<u>Project Address:</u>	1001-1101 Euclid Avenue, Cleveland, OH 44115
<u>Developer:</u>	Alto JHB Acquisition, LLC or Designee
<u>Project Manager:</u>	Cassie Slansky
<u>Ward/Councilperson:</u>	3-Kerry McCormack
<u>City Assistance:</u>	Non-School TIF

Project Summary and Discussion

Alto JHB Acquisition, LLC or designee, ("Developer") is proposing a mixed use redevelopment located at 1001-1101 Euclid Avenue, Cleveland, OH 44115 ("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 approximately 228 market rate apartments, over 18,700 square feet of commercial space, and parking for residents. The project will create and/or cause to create 30 new full-time jobs at the Project Site with an approximate payroll of \$807,000.

Ordinance No. 904-18

Alto JHB Acquisition, LLC is an entity of Alto Partners. Alto Partners is a global real estate development company and has completed five projects in the U.S. totaling \$200 million. As the CEO of U.S. Operations of Alto Partners, Michael Sabracos has extensive business and real estate development experience. He has managed the acquisition, redevelopment, management, and sales of over 20 million square feet of real estate. Alto Partners’ newest project is the John Hartness Brown (JHB) Building, which they purchased in August of 2017.

The JHB Building was constructed between 1914 and 1920, and sat vacant for over a decade. Alto JHB Acquisition, LLC plans to redevelop the vacant property into the “Euclid Grand”, rebranding the property. The additional housing with this project will provide a much needed supply to an area that is in high demand for people to live downtown- where occupancy is nearly 94.5 percent. The total project investment is expected to exceed \$78 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 Alto JHB Acquisition, 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 be immediately effective on the residential and new parking garage after the expiration of the 15-year tax abatement for new residential construction.

Economic Impact

- Creation of 30 jobs in the City of Cleveland
- Project estimates \$20,175 in new annual City tax revenue generated from residents and new employees
- The project will generate \$256,500 annual residency taxes and once stabilized, the project is expected to generate \$339,593 in annual property taxes for the School District upon expiration of the residential tax abatement

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.

Ordinance No. 904-18

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 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
7-18-18

FOR: Director Ebersole

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 Alto JHB Acquisition, LLC, and/or its designee, to support debt service related to the Euclid Grand Redevelopment Project and assist with the redevelopment of market rate apartments, commercial space, and parking for residents; to provide for payments to the Cleveland City School District; and to declare certain improvements to real property to be a public purpose.

READ FIRST TIME on JULY 18, 2018
and referred to DIRECTORS of Economic Development,
City Planning Commission, Finance, Law;
COMMITTEES on Development Planning and Sustainability, Finance

REPORTS

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

PASSAGE RECOMMENDED BY
COMMITTEE ON
DEVELOPMENT, PLANNING AND
SUSTAINABILITY

FILED WITH COMMITTEE

PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE

FILED WITH COMMITTEE