

Ordinance No. 1449-18

**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 Statler Cleveland Holding, LLC, or its designee, to support debt service and to assist with the redevelopment to the project located at 1127 Euclid Avenue and 1111 Hickory Court; 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. 1449-18-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 Statler Cleveland Holding, 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:

Apartment Parcel: (Fee Simple)

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio:

And known as being part of Sublot Nos. 62 and 63 in John M. Woolsey's Subdivision of part of Original Two Acre Lot Nos. 156, 157 and 158, 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 (99.00 feet wide) at its intersection with the westerly line of East 12th Street (formerly Muirson Street) (60.40 feet wide);

Thence South 79° 35' 51" west along said northerly line of Euclid Avenue 168.82 feet to the southeasterly corner of land conveyed to the Trebm Construction Co. by deed recorded in Volume 83-0853, Page 17 of Cuyahoga County Records;

Thence North 10° 35' 39" west along the easterly line of land so conveyed to the Trebm Construction Co. and the northerly prolongation thereof, 150.00 feet to a point;

Thence North 79° 35' 42" east 64.80 feet to a point on the westerly line of land conveyed to The Cleveland Trust Company by deed dated May 31, 1927 and recorded in Volume 3567, Page 349 of Cuyahoga County Records;

Thence North 10° 36' 09" west along said line, 169.58 feet to a point in the southeasterly line of Hickory Court, N.E. (15.12 feet wide);

Thence North 55° 48' 21" east along the southeasterly line of Hickory Court, N.E., 113.48 feet to a point in the westerly line of aforementioned East 12th Street;

Thence South 10° 36' 09" east along the westerly line of said East 12th Street, 365.36 feet to the point of beginning and containing 1.0408 acres of land as calculated and described by The North Coast Engineering and Surveying Co., Inc., in November of 1998, be the same more or less, but subject to all legal highways.

NOTE: The above premises is further known as the Apartment Parcel in the Plat of Consolidation of Statler Arms, Inc. as shown by the recorded plat in Volume 301 of Maps, Page 78 of Cuyahoga County Records.

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Garage Parcel:

For Informational purposes only: Parcel Number 101-36-009

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being part of Sublot Nos. 62 and 63 in John M. Woolsey's Subdivision of part of Original Two Acre Lot Nos. 163 to 167, 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 (99.00 feet wide) at its intersection with the westerly line of East 12th Street (formerly Muirson Street) (60.40 feet wide);

Thence South 79° 35' 51" west along said northerly line of Euclid Avenue, 168.82 feet to the southeasterly corner of land conveyed to the Trebm Construction Co., by deed recorded in Volume 83-0853, Page 17 of Cuyahoga County Records;

Thence North 10° 35' 39" west along the easterly line of land so conveyed to the Trebm Construction Co. and the northerly prolongation thereof, 135.67 feet to the northeasterly corner thereof and the principal point of beginning of the premises herein described;

Thence South 79° 35' 51" west along the northerly line of land so conveyed to the Trebm Construction Co., 46.28 feet to the easterly line of land conveyed to Robert M. Levin, Trustee, and others by deed dated February 19, 1981, and recorded in Volume 16429, Page 403 of Cuyahoga County Records, said easterly line of land also being the easterly line of land of George W. Gardner and others, and described in a boundary line agreement dated February 10, 1900 and recorded in Volume 763, Page 384 of Cuyahoga County Records;

Thence North 10° . 36' 09" west along the easterly line of land so conveyed to Robert M. Levin, Trustee and others, 135.01 feet to a point in the southeasterly line of Hickory Court, N.E. (15,12 feet wide);

Thence North 55° 48' 21" east along the southeasterly line of Hickory Court, N.E., 121.21 feet to its intersection with a line drawn parallel with and distant 104.00 feet westerly by rectangular measurement from the westerly line of aforementioned East 12th Street, being at the northwesterly corner of land conveyed to The Cleveland Trust Company by deed dated May 31, 1927 and recorded in Volume 3567, Page 349 of Cuyahoga County Records;

Thence South 10° 36' 09" east along said parallel line and the westerly line of land so conveyed to the Cleveland Trust Company, 169.58 feet to a point;

Thence South 79° 35' 42" west, 64.80 feet to a point on the easterly line of land conveyed to the Trebm Construction Co.;

Thence South 10° 35' 39" east, along said easterly line, 14.33 feet to the place of beginning, and containing 0.3863 acres of land as calculated and described by The North Coast Engineering and Surveying Co., Inc., in November of 1998, be the same more or less, but subject to all legal highways.

NOTE: The above premises is further known as the Garage Parcel in the Plat of Consolidation of Statler Arms, Inc., as shown by the recorded plat in Volume 301 of Maps, Page 78 of Cuyahoga County Records.

Parcel No. 3:

For Informational purposes only: Parcel Number 101-36-010

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio, and known as being part of Sublot No. 51 in John N. Woolsey's Subdivision of part of Original Two Acre Lot Nos. 154 to 162 and all of Original

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Two Acre Lot Nos, 163 to 167, as shown by the recorded plat in Volume "N" of Deeds, Page 486 of Cuyahoga County Records and bounded and described as follows:

Beginning on the northwesterly line of Hickory Court, N.E., 15.12 feet in width at its intersection with the northeasterly line of East 11th Piece, 12 feet in width;

Course No. 1: Thence North 34° 05' 39" west along the northeasterly line of East 11th Place, 33.18 feet to the southwesterly corner of land conveyed to Chester Union Associates Ltd., by deed dated September 30, 1982 and recorded in Volume 15672, Page 891 of Cuyahoga County Records;

Course No. 2: Thence North 55° 48' 21" east along a southeasterly line of land so conveyed to Chester Union Associates Ltd., 66.285 feet to the northeasterly line of said Sublot No. 51;

Course No. 3: Thence South 34° 05' 36" east along the northeasterly line of said Sublot No. 51, 33.18 feet to the aforementioned northwesterly line of Hickory Court, N.E.;

Course No. 4: Thence South 55° 18' 21" west along the northwesterly line of Hickory Court, N.E., 66.285 feet to the place of beginning, be the same more or less, but subject to all legal highways.

Easements in favor of Garage Parcel:

Easements established in the Warranty Deed from Statler Arms, Inc., an Ohio corporation, to Statler Arms Garage Inc., an Ohio corporation filed for record September 21, 1999 and being Cuyahoga County Recorder's AFN 199909210866 as follows:

a. Non-exclusive perpetual easement for ingress and egress to the above-described Garage Parcel and the Garage and improvements located thereon, over the entrance ramp, driveway and walkway to the Garage, and to the nonexclusive use of the office, storage area and restrooms adjoining and to the east of the top of the entrance ramp and walkway, all of which are located on or above the easement premises described as follows:

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being part of Sublot Nos. 62 and 63 in John M. Woolsey's Subdivision of part of Original Two Acre Lot Nos. 163 to 167, 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 (99.0 feet wide) at its intersection with the westerly line of East 12th Street (formerly Muirson Street) (60.40 feet wide);

Thence South 79° 35' 51" west along said northerly line of Euclid Avenue, 168.82 feet to the southeasterly corner of land conveyed to the Trebm Construction Co. by deed recorded in Volume 83-0853, Page 17 of Cuyahoga County Records and the principal point of beginning of the easement herein described;

Thence North 10° 35' 39" west along the easterly line of land so conveyed to the Trebm Construction Co. and the northerly prolongation thereof, 150.00 feet to a point;

Thence North 79° 35' 42" east, 64.80 feet to a point;

Thence South 10° 36' 09" east, 41.00 feet to a point;

Thence South 79° 35' 42" west, 37.80 feet to a point;

Thence South 10° 35' 39" east, 109.00 feet to the said northerly line of Euclid Avenue;

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Thence South 79° 35' 51" west, along the northerly line of Euclid Avenue, 27.00 feet to the point of beginning and containing 0.1286 acres of land as calculated and described by The North Coast Engineering and Surveying Co., Inc. in November, 1998, be the same more or less, but subject to all legal highways.

b. Mutual right and easement within the following described premises, for the purpose of allowing grantee access to such area located within the Apartment Parcel solely for the purpose of maintaining and repairing the Garage wall next to an adjoining the separate wall of the apartment building:

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being part of Sublot Nos. 62 and 63 in John M. Woolsey's Subdivision of part of Original Two Acre Lot Nos. 163 to 167, 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 southerly line of Hickory Court (15.12 feet wide) at its intersection with the westerly line of East 12th Street (formerly Muirson Street) (60.40 feet wide);

Thence South 55° 48' 21" west along the southerly line of Hickory Court, 113.48 feet to the westerly line of land conveyed to the Statler Arms Inc. by deed recorded in Volume 83-0853, Page 19 of Cuyahoga County Records and the principal point of beginning of the easement herein described;

Thence South 10° 36' 09" east along the westerly line of land so conveyed, 169.58 feet to a point;

Thence South 79° 35' 42" west, 64.80 feet to a point;

Thence South 10° 35' 39" east, 10.00 feet to a point;

Thence North 79° 35' 42" east, 74.80 feet to a point;

Thence North 10° 36' 09" west, 183.98 feet to a point on the southerly line of Hickory Court;

Thence South 55° 48' 21" west along the southerly line of Hickory Court, 10.91 feet to the place of beginning and containing 0.0566 acres of land as calculated and described by The North Coast Engineering and Surveying Co., Inc. in November of 1998, by the same more or less, but subject to all legal highways.

c. A nonexclusive perpetual easement to the use of the air rights above the top level of the Garage located above the Garage Parcel described above, solely for the purpose of maintaining and repairing the portions of the wall of the apartment building located on the Apartment Parcel, which extend above the top level of the Garage. All such repair and maintenance shall be done at Grantor's sole risk and expense.

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 2050. The terms of the agreement are as follows:

**DEPARTMENT OF ECONOMIC DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE**

Project Name: Statler Arms Building Redevelopment
Project Address: 1127 Euclid Avenue, Cleveland, OH 44115 and

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<u>Developer:</u>	1111 Hickory Court, Cleveland, OH 44114 Statler Cleveland Holding, 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

Statler Cleveland Holding, LLC or designee, (“Developer”) is proposing a mixed use redevelopment located at 1127 Euclid Avenue, Cleveland, OH 44115 and 1111 Hickory Court, Cleveland OH 44114 (“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 297 market rate apartments, approximately 7,740 square feet of retail space, and parking for residents. The project will create and/or cause to create 26 new full-time jobs at the Project Site with an approximate payroll of \$850,000 and retain/cause to retain 6 jobs.

Statler Cleveland Holding, LLC is an affiliate of Millennia Housing Development, Ltd. Established in 1995, Millennia Housing Development, Ltd. (MHD) is a Cleveland-based real estate development company. MHD’s team of professionals acquire, recapitalize, and redevelop both existing and newly acquired assets, utilizing a variety of financing tools. MHD has extensive history developing Low-Income Housing Tax Credit and market rate projects. They recently completed the Garfield, a mixed-use housing redevelopment of the historic Garfield building at 1965 East 6th Street in Downtown Cleveland. Their newest project is the Statler Arms building, which they purchased in January 2018.

The Statler Arms building is one of the oldest residential buildings in Downtown Cleveland. The building opened in 1912 as Hotel Statler along Cleveland’s storied main street, at the intersection of East 12th and Euclid. The building functioned as the Statler Tower, an office building, from approximately 1971 through 2001, when it was converted into an apartment building. The projects location in Playhouse Square along the Euclid Avenue transit corridor makes it a prime opportunity for renovated apartment units. The total project investment is expected to exceed \$56 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 Statler Cleveland Holding, 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.

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Economic Impact

- Creation of 26 jobs in the City of Cleveland
- Project estimates \$21,250 in new annual City tax revenue generated from residents and new employees
- The project will generate \$333,750 annual residency taxes and once stabilized, the project is expected to generate \$242,042.69 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.

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

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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
11-26-18

FOR: Director Ebersole

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[File No. 1449-18-A]

REPORT
after second Reading

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

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READ FIRST TIME on NOVEMBER 26, 2018

REPORTS

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

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

Recorded Vol. _____ Page _____

Published in the City Record

**PASSAGE RECOMMENDED BY
COMMITTEE ON
DEVELOPMENT, PLANNING AND
SUSTAINABILITY**

FILED WITH COMMITTEE

**PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE**

FILED WITH COMMITTEE