

DEPARTMENT OF ECONOMIC DEVELOPMENT

EXECUTIVE SUMMARY ORDS. NO. 751-2020, 752-2020, 753-2020

Cross Country Mortgage was founded sixteen years ago by Ron Leonhardt and has quickly grown to be one of the nation's largest home mortgage lenders. They have been located in the Cleveland suburbs, but have spent the last few years looking for a larger facility to handle their rapidly growing business.

The CCM team identified property on Superior Avenue in Cleveland and has spent the last several years negotiating and acquiring different pieces of property to consolidate the property. With the property acquired, they plan to create a multi-phased, mixed-use campus that will feature the company's new headquarters as well as a housing development. The project will involve the historic rehabilitation of multiple buildings as well as new construction.

CCM proposes to invest approximately \$37,500,000 in the development of its headquarters and an additional \$18,000,000 in a multi-family development around the project site.

In order to facilitate the development and the location of CCM, the City has offered the following incentives to support the company's expansion.

Non-School TIF

The project will receive a 30-Year non-school TIF for the project site, which represents approximately 40% of the total property tax value. The TIF will help support the construction project.

Forgivable Construction Loan

The forgivable construction loan will help to support the construction of the project. The historic structures are in poor condition and will require significant rehabilitation and some demolition. The loan will help to offset these costs.

Amount: \$750,000

Forgiveness Terms: Loan will be forgiven if, after five years, CCM has established 400 jobs new to the City of Cleveland.

Job Creation Incentive Grant

Amount: Up to \$1,150,000

| Year | Est. New Jobs | Est. New Payroll | %age of New Payroll | Est. Annual Grant |
|-------------|----------------------|-------------------------|----------------------------|--------------------------|
| 1 | 500 | \$40,000,000 | 0.5% | \$200,000 |
| 2 | 550 | \$42,500,000 | 0.5% | \$212,500 |
| 3 | 600 | \$45,000,000 | 0.5% | \$225,000 |
| 4 | 650 | \$47,500,000 | 0.5% | \$237,500 |
| 5 | 750 | \$55,000,000 | 0.5% | \$275,000 |

Estimated Project Costs

| Headquarters | |
|---------------------|---------------------|
| Acquisition | \$4,000,000 |
| Construction | \$16,100,000 |
| TI | \$8,400,000 |
| FF&E | \$3,000,000 |
| Demo/Site Work | \$1,500,000 |
| Soft Costs | \$4,500,000 |
| TOTAL | \$37,500,000 |

| Multi-Family | |
|---------------------|---------------------|
| Acquisition | \$2,000,000 |
| Construction | \$7,800,000 |
| TI | \$5,500,000 |
| FF&E | - |
| Demo/Site Work | \$1,100,000 |
| Soft Costs | \$2,600,000 |
| TOTAL | \$18,000,000 |

Economic Impact

- Attraction of a growing company with over 400 jobs today
- Over \$50,000,000 in construction, with associated construction jobs.
- Development & elimination of several long-term vacant buildings
- Mixed-use housing and commercial development

Community Benefits

- Chapter 187 (MBE/FBE/CSB) Applies
- Chapter 188 (Fannie Lewis – Cleveland Resident Employment Law) Applies
- The Company will execute a Workforce Development Agreement
- The Company will pay prevailing wages on headquarters construction