

# Ordinance No. 556-2021

By Council Members **B. Jones, Brancatelli and Kelley** (by departmental request)

## AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with CC Superior Holding LLC, and/or its designee, to fund eligible project costs or project debt for the development of property for the Cross Country Mortgage Services Project located between Payne and Superior Avenue and E. 21st and E. 22nd Streets; to provide for payments to the Cleveland Metropolitan School District; and to declare certain improvements to real property to be a public purpose.

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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, under Ordinance No. 751-2020, passed November 4, 2020, the City has entered into the chain of title for the Property which is more particularly described 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. 556-2021-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 Metropolitan 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,

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

Section 1. That the improvements to be constructed by CC Superior Holding LLC, and/or its designee, (“Developer”), are declared to be a public purpose for purposes of Section 5709.41 of the Revised Code (the “Improvements”). The Real Property is more fully described as follows:

Parcel No. 1 (PPN 102-25-001):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as being Sublot No.136 in O.H. Payne's Allotment of part of Original 10 Acre Lots Nos. 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records, and being 50 feet front on the Southerly side of Superior Avenue, N.E., and extending back 175.37 feet deep on the Easterly line and 175.50 feet deep on the Westerly line, which is also the Easterly line of East 21st Street (formally North Perry St.) and being 43.40 feet wide in the rear along the Northerly line of Hazard Ct. N.E. Together with that portion of Hazard Court, N.E., adjacent thereto as vacated by City of Cleveland Ordinance No. 1337-96, be the same, more or less, but subject to all legal highways.

Parcel Number: 102-25-001

Property Address: 2104 Superior Avenue, Cleveland, OH 44114

Parcel No. 2 (PPN 102-25-002):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as being Sublot Nos. 137 and 138 in O.H. Payne's Allotment of part of Original 10 Acre Lots Nos. 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records, and together forming a parcel of land having a frontage of 100 feet on the Southerly side of Superior Avenue, N.E. and extending back of equal width 175 feet to an alley. Together with that portion of Hazard Court, N.E., adjacent thereto as vacated by City of Cleveland Ordinance No. 1337-96, be the same, more or less, but subject to all legal highways.

Parcel Number: 102-25-002

Property Address: 2110 Superior Avenue, Cleveland, OH 44114

Parcel No. 3 (PPN 102-25-003):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio, and described as follows: Being Sublots Numbered 139 and 140 in O.H. Payne's Allotment of part of Original 10 Acre Lots 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records.

Parcel Number: 102-25-003

Property Address: 2130 Superior Ave., Cleveland, OH 44114

Parcel No. 4 (PPN 102-25-004):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio, and described as follows: Sublot Numbers 141 and 142 in O.H. Payne's Allotment of part of Original 10 Acre Lots 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records, and together forming a parcel of land, 92.25 feet front on the Southerly side of Superior Street (now known as Superior Avenue N.E.), 175.5 feet deep on the Easterly line along the Westerly side of Hazard Street (now known as East 22nd Street), 175.37 feet deep on the Westerly line and 98.85 feet in the rear, as appears by said plat, be the same more or less, but subject to all legal highways.

Parcel Number: 102-25-004

Property Address: 2140-60 Superior Ave., Cleveland, OH 44114

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Parcel No. 5 (PPN 102-25-016, PPN 102-25-017, PPN 102-25-018, PPN 102-25-032, and PPN 102-25-043):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as Block "A" in the Consolidation and Lot Split for The Chilcote Company as shown by the recorded plat in Volume 306, Page 9 of Cuyahoga County Records.

Parcel Number: 102-25-016

Property Address: 2163 Payne Ave., Cleveland, OH 44114

Parcel No. 6 (PPN 102-25-025):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio, and described as follows: And known as being Sublot No. 143 in O.H. Payne's Allotment of part of Original 10 Acre Lots 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records, and being 46 feet front on the Southwesterly side of East 22nd Street (formally Hazard Street), 150.11 feet deep on the Northwesterly line, 150 feet deep on the Southeasterly line and 51.65 feet in the rear, which is also the Northeasterly line of a 16 foot alley, now known as Hazard Court N.E.

Parcel Number: 102-25-025

Property Address: Cleveland, OH 44114

Parcel No. 7 (PPN 102-25-026):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as being Sublot No.144 in O.H. Payne's Allotment of part of Original 10 Acre Lots 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records and being 40 feet front on the Westerly side of East 22nd Street and extending back of equal width 150 feet to the Easterly line of Hazard Court N.E.

Parcel Number: 102-25-026

Property Address: Cleveland, OH 44114

Parcel No. 8 (PPN 102-25-027):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as being Sublot Nos. 145 and 146 in O.H. Payne's Allotment of part of Original 10 Acre Lots 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records and together forming a parcel of land having a frontage of 80 feet on the Southwesterly side of East 22nd Street (formally Hazard Street), and extending back of equal width 150 feet to the Northeasterly line of Hazard Court N.E.

Parcel Number: 102-25-027

Property Address: E. 22nd Street, Cleveland, OH 44114

Parcel No. 9 (PPN 102-25-028):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as being Sublot No. 147 in O.H. Payne's Allotment of part of Original 10 Acre Lots 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records and being 40 feet front on the Westerly side of East 22nd Street and extending back of equal width 150 feet.

Parcel Number: 102-25-028

Property Address: E. 22nd Street, Cleveland, OH 44114

Parcel No. 10 (PPN 102-25-029, PPN 102-25-030):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as being Sublot Nos. 148 and 149 in O.H. Payne's Allotment of part of Original 10 Acre Lots 106, 107 and 108 as shown by the recorded plat in Volume 14 of Maps, Page 8 of Cuyahoga County Records.

Parcel Number: 102-25-029 & -030

Property Address: E. 22nd Street, Cleveland, OH 44114

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Parcel No. 11 (PPN 102-25-031):

SITUATED in the City of Cleveland, County of Cuyahoga and State of Ohio: And known as being Block "B" in the Consolidation and Lot Split for the Chilcote Company fka The Chilcote Realty Company, as shown by the recorded plat in Volume 306 of Maps, Page 9 of Cuyahoga County Records, as appears by said plat, be the same more or less, but subject to all legal highways.

Parcel Number: 102-25-031

Property Address: E. 22nd Street, Cleveland, OH 44114

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 2052. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

<b><u>Project Name:</u></b>	Cross Country Mortgage Services
<b><u>Project Address:</u></b>	Superior Avenue and East 22 <sup>nd</sup> Street
<b><u>Developer:</u></b>	CC Superior Holding LLC, or designee
<b><u>Project Manager:</u></b>	Robin Brown
<b><u>Ward/Councilperson:</u></b>	7– Basheer Jones
<b><u>City Assistance:</u></b>	30 year Non-school TIF

**Project Summary**

Cross Country Mortgage (CCM) 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 and East 22<sup>nd</sup> Street (“Project Site”) 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.

**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 CC Superior 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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- The 41 TIF will cover PPNs 102-25-001, 102-25-002, 102-25-003, 102-25-004, 102-25-016, 102-25-017, 102-25-018, 102-25-032, 102-25-043, 102-25-025, 102-25-026, 102-25-027, 102-25-028, 102-25-029, 102-25-030, 102-25-031.

## **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
- The project is expected to generate \$508,529 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, Developer, 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 Fiscal Officer or Treasurer, or designee; 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 Fiscal Officer or Treasurer, or designee to the Treasurer of the District in the amount of the taxes that would have been payable to the District had the Improvements not been exempt from taxation.

Section 5. That the Director of Economic Development is authorized to enter into an agreement or agreements with Developer 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 when applicable under Section 5709.43 of the Revised Code, there is established an Urban Redevelopment Tax Increment Equivalent Fund into which shall be deposited Service Payments in Lieu of Taxes (“PILOTS” or “Service Payments”) that shall be used for financing the public purpose Improvements including

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project debt service, bond payments, and reimbursement of project construction costs, 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 the contract or contracts authorized by this ordinance shall be prepared by the Director of Law.

Section 9. 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.

SMA:nl  
7-14-2021  
FOR: Interim Director Ebersole

