

Ordinance No. 557-2021

By Council Members Spencer, Brancatelli and Kelley (by departmental request)

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with 5506 Detroit, LLC, and/or its designee, to fund eligible project costs or projected debt for the financing of the Waverly & Oak Apartments Project located at 5506 Detroit Avenue; to provide for payments to the Cleveland Metropolitan 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, pursuant to Ordinance authority, the City will have duly 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. 557-2021-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 5506 Detroit, LLC, and/or its designee, (“Redeveloper”), 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:

Legal Description

The Land referred to herein below is situated in the County of Cuyahoga, State of Ohio, and is described as follows:

Parcel No. 1 (003-09-083)

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio, and known as being part of Sublot No. 363 in S.S. Stone’s Subdivision of part of Original Brooklyn Township Lot No. 50, as shown by the recorded plat in Volume 2 of Maps, Page 19 of Cuyahoga County Records, and bounded and described as follows:

Beginning on the Northerly line of Detroit Avenue at a point 70 feet Easterly from the Southwesterly corner of Sublot No. 364 in said subdivision, said point being the Southeasterly corner of land conveyed to William H. Murphy and James V. O’Brien by deed dated October 20, 1904 and recorded in Volume 943, Page 627 of Cuyahoga County Records;

thence Easterly along the Northerly line of Detroit Avenue to the Southeasterly corner of Sublot No. 363;

thence Northerly along the Easterly line Sublot No. 363, 132 feet to the Northeasterly corner thereof;

thence Westerly along the Northerly line of Sublot No. 363 to the Northeasterly corner of land so conveyed to William H. Murphy and James V. O’Brien;

thence Southerly along the Easterly line of land conveyed to William H. Murphy and James V. O’Brien, as aforesaid, 132 feet to the place of beginning, as appears by said plat, be the same more or less.

Parcel No. 2 (003-09-082)

Situated in the City of Cleveland, County of Cuyahoga, State of Ohio, and known as being part of Sublot No. 362 in S.S. Stone’s Subdivision of part of Original Brooklyn Township Lot No. 50, as shown by the recorded plat in Volume 2 of Maps, Page 19 of Cuyahoga County Records, and being 50 feet front on the Northerly side of Detroit Avenue, and extending back of equal width 132 feet, as appears by said plat, be the same more or less.

Parcel No. 3 (003-09-067)

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being part of Sublot No. 377 in S.S. Stone’s Subdivision of part of Original Brooklyn Township Lot No. 50, as shown by the recorded plat in Volume 2 of Maps, Page 19 of Cuyahoga County Records and being 50 feet front on the Southerly side of Tillman Avenue, (formerly Washington Street) and extending back of equal width 132 feet, as appears by said plat, be the same more or less.

Parcel No. 4 (003-09-068)

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being part of Sublot No. 376 in S.S. Stone’s Subdivision of part of Original Brooklyn Township Lot No. 50,

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as shown by the recorded plat in Volume 2 of Maps, Page 19 of Cuyahoga County Records, and being 50 feet front on the Southerly side of Tillman Avenue (formerly Washington Street) and extending back of equal width 132 feet, as appears by said plat, be the same more or less.

Parcel No. 5 (003-09-069)

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being part of Sublot No. 375 in S.S. Stone's Subdivision of part of Original Brooklyn Township Lot No. 50, as shown by the recorded plat in Volume 2 of Maps, Page 19 of Cuyahoga County Records, and being 50 feet front on the Southerly side of Tillman Avenue, and extending back of equal width 132 feet, as appears by said plat, be the same more or less.

Parcel No. 6 (003-09-084)

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being the Westerly 20 feet of Sublot No. 363 and the Easterly 15 feet of Sublot No. 364 in S.S. Stone's Subdivision of part of Original Brooklyn Township Lot No. 50, as shown by the recorded plat in Volume 2 of Maps, Page 19 of Cuyahoga County Records and together forming a parcel of land 35 feet front on the Northerly side of Detroit Avenue, and extending back of equal width 132 feet, as appears by said plat, be the same more or less.

Parcel No. 7 (003-09-085)

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

And known as being the westerly 35 feet from front to rear of Sub Lot No. Three Hundred Sixty-four (364) in S. S. Stone's Subdivision of part of Original Brooklyn Township Lot No. 50, as shown by the recorded plat of said Subdivision in Volume 2 of Maps, Page 19 of Cuyahoga County Records.

Said Part of Sublot No. 364 has a frontage of 35 feet on the northerly side of Detroit Avenue N.W., and extends back between parallel lines 132 feet, as appears by said plat, 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 2052. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

<u>Project Name:</u>	Waverly & Oak Apartments
<u>Project Address:</u>	5506 Detroit Avenue, Cleveland, OH 44102
<u>Developer:</u>	5506 Detroit, LLC, or designee
<u>Project Manager:</u>	Robin Brown
<u>Ward/Councilperson:</u>	15 – Jenny Spencer
<u>City Assistance:</u>	30 year Non-school TIF

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Project Site



Project Summary

5506 Detroit, LLC or designee, (“Developer”) is proposing a mixed use development located at 5506 Detroit Avenue, Cleveland, OH 44102 (“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 development of approximately 126 market rate rental units built over an active street level commercial environment with approximately 17,300 square feet of retail space with below grade and surface parking, named Waverly & Oak (the “Project”, or “W&O”). The project will be the first new construction, mixed-use development along Detroit Avenue in Gordon Square. The property’s location provides residents with convenient access to all the cultural, entertainment, and dining establishments that have made Gordon Square the most desirable neighborhood in Cleveland. Total project investment is expected to exceed approximately \$47 million. The project will create and/or cause to create 4 new W-2 jobs at the Project Site with an approximate payroll of \$91,556.

5506 Detroit LLC is an entity of the Bond Street Group (“Bond Street”). Bond Street is a team of 3 individuals with over 20 years of experience in commercial real estate, construction and project management, Their first project as the Bond Street is the development of a mixed use building located at 5506 Detroit Avenue, Cleveland, Ohio 44102.

Bond Street is under exclusive contract to acquire 5506 Detroit Avenue, a seven-parcel assemblage comprising .92 acres in the Gordon Square neighborhood. The property sits at the gateway to Gordon Square, and features over 150” of frontage along Detroit Avenue, the main commercial corridor and transportation artery connecting Downtown Cleveland to the city’s near-west-side neighborhoods.

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 5506 Detroit, 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 41 TIF will cover PPNs 003-09-067, 068, 069, 082, 083, 084 and 085.

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- The TIF will be immediately effective on the residential after the expiration of the 15-year, 100% tax abatement.

Economic Impact

- Creation of 4 new full time jobs in the City of
- Project estimates \$91,556 in new annual City tax revenue from new employees.
- The project will generate \$141,750 annual residency taxes and once stabilized, the project is expected to generate \$504,908 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 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 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 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 project debt service, bond payments, and reimbursement of project construction costs,

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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

**By Council Members Spencer, Brancatelli and Kelley
(by departmental request)**

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READ FIRST TIME on JULY 14, 2021

REPORTS

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

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

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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
