

# Ordinance No. 703-2021

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

## AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Levin Group, and/or its designee, to partially finance the development of the former Blanket Mills building on Fulton Road; 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, 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. 703-2021-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

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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 Levin Group, 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**  
**3160 W. 33<sup>rd</sup> Street, Cleveland, OH**  
**PPN# 007-32-001**

Situated in the City of Cleveland, County of Cuyahoga and State of Ohio and known as being Sublot # B in the Lot Split and Consolidation Map for Lin’s Omni World, Inc. as shown by the recorded plat in Volume 316 of Maps, Page 74 of Cuyahoga County Records, 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 2054. The terms of the agreement, which shall not be materially changed without further legislative action by Council, will be as follows:

**DEPARTMENT OF ECONOMIC DEVELOPMENT**  
**EXECUTIVE SUMMARY**

**Project:** Blanket Mills Redevelopment  
**Address:** 3160 W. 33<sup>rd</sup> Street  
**Ward:** 14

A development team led by Mort Levin (the Levin Group) has been leading the development of the former Blanket Mills building on Fulton Road, on the same plot as the Lin-Omni building near W. 33<sup>rd</sup> Street. The building is proposed as a mixed-use building that will help to anchor that neighborhood and kickstart some of the implementation efforts of the Ward 14 planning process. The building was originally constructed in 1889 and consists of 113,000 sf over 3 stories.

The first floor of the building will consist of 35,000 sf of commercial space, anchored by the Centers for Families and Children, who will bring 70 jobs to the site, as well as providing key social services for the neighborhood. The top two floors will consist of 60 affordable housing units, which were awarded an allocation from the FHAct50 City allocation of LIHTC in 2019. The project will have 12 1BR units, 42 2BR units, and 6 3BR units. 6 units (2 of each type) will be priced at 30%AMI and the remainder at 60% AMI. They have received an allocation of 60 vouchers from CMHA.

The development faces several challenges. The building is in extremely challenging condition, including a required partial demolition and will require significant work to bring it to productive use. Construction

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costs continue to increase during the COVID pandemic. The development team has invested significant capital in predevelopment already.

To assist with this project, the Department has recommended a non-school TIF and a \$2,000,000 development loan.

**Loan Terms**

Term: 30-Years  
Interest Rate: 0%, Years 1-15  
2%, Years 11-30  
Amortization: \$1,000,000: 15 Years, Starting in Year 16  
\$750,000: Payment due in Year 30.  
\$250,000 eligible for forgiveness in Year 10 if 25 jobs are maintained at the project site and affordability is maintained.  
Collateral: Shared Subordinate Position

**Est. TIF Value:** \$1,258,000

**Estimated Sources & Uses**

Commercial

SOURCES		USES	
Bank Loan (PNC or USBank)	\$2,746,172	Acquisition	\$400,800
New Market Tax Credits	\$2,330,000	Hard Construction	\$7,960,388
Federal HTC Equity	\$1,533,824	Soft Costs	\$546,670
State HTC Equity	\$1,524,560	Developer Fee	\$1,000,000
Deferred Developer Fee	\$390,000	Transaction Costs/Reserves	\$1,096,698
City of Cleveland Loan	\$1,980,000		
Developer Equity	\$500,000		
TOTAL	\$11,004,556	TOTAL	\$11,004,556

Residential

SOURCES		USES	
Bank Loan (PNC or USBank)	\$4,500,000	Acquisition	\$799,200
LIHTC	\$9,539,905	Hard Construction	\$16,831,345
Federal HTC Equity	\$3,229,123	Soft Costs	\$1,803,730
State HTC Equity	\$1,059,440	Developer Fee	\$1,350,000
Deferred Developer Fee	\$654,931	Transaction Costs/Reserves	\$999,124
Cleveland Housing Trust Fund	\$1,000,000		
City of Cleveland Loan	\$770,000		
Developer Equity	\$500,000		
TOTAL	\$21,783,399	TOTAL	\$21,783,399

**Community Benefits:**

- Chapter 187 Applies
- Chapter 188 Applies
- Project will be Prevailing Wage

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

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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, 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  
8-18-2021  
FOR: Interim Director Ebersole

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

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**READ FIRST TIME on AUGUST 18, 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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COMMITTEE ON  
DEVELOPMENT, PLANNING AND  
SUSTAINABILITY

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