

Ordinance No. 919-2021

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

AN EMERGENCY ORDINANCE

Authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Fairmount Properties, LLC, and/or its designee, to provide for the development of a Mixed Use project located at East 105th and Cedar 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, under Ordinance No. 817-2020, 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. 919-2021-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 Fairmount Properties, 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 and as may subsequently be replatted, re-numbered, or revised: Permanent Parcel Nos. 121-18-011, 121-18-012, 121-18-013, 121-18-014, 121-18-015, 121-18-016, 121-18-017, 121-18-018, 121-18-019, 121-18-020, 121-18-021, 121-18-022, 121-18-023, 121-18-024, 121-18-048, 121-18-049, 121-18-050, 121-18-051, 121-18-052, 121-18-053, 121-18-054, 121-18-055, and 121-18-056.

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>	Fairfax Mixed Use Project
<u>Project Address:</u>	E. 105 th St/Cedar Avenue, Cleveland, OH 44106
<u>Developer:</u>	Fairmount Properties, LLC or designee
<u>Project Manager:</u>	Robin Brown
<u>Ward/Councilperson:</u>	6– Blaine Griffin
<u>City Assistance:</u>	30 year Non-school TIF
<u>Project Site</u>	



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Project Summary

Fairmount Properties, LLC or designee, (“Developer”) is proposing a mixed use development located at E. 105th St./Cedar Avenue, Cleveland, OH 44106 (“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 a 40,000 SF Meijer Grocery Store, approximately 150,778 SF of residential space including 90 market rate one-bedroom units, 90 micro+ units, 6 standard micro-units, 10 two-bedroom units, 200 parking garage spaces and 125 surface-level spaces for Meijer (“Project”)

This would be Meijer’s first urban store in Ohio, bringing an amenity to the Cleveland Clinic/Fairfax neighborhood and providing a higher quality option to residents of that community. The 196 units will be purpose-built to fill an unmet demand for incoming residents, nurses, and medical students, all of whom the Cleveland Clinic believes can benefit from a walkable housing option combined with a major amenity such as the grocery store. Total project investment is expected to exceed approximately \$57 million. The project will create and/or cause to create 40 new W-2 jobs at the Project Site with an approximate payroll of \$1,372,000.

Since 1998 Fairmount Properties, LLC has grown to be a well-respected industry leaser across multiple real estate platforms-from college campuses to city centers. Fairmount Properties, LLC has been fortunate to play lead roles in the development of major urban and suburban cores and the creation of transit-oriented projects including Flats East Bank Phases I-III and Pincrest. The principals of Fairmount Properties are Randy Ruttenberg and Adam Fishman.

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 Fairmount Properties, 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:121-18-011,012,013,014,015,016,017,018,019,020, 021,022,023,024,048,049,050,051,052,053,054,055,056
- The TIF will be immediately effective on the residential after the expiration of the 15-year, 100% tax abatement.

Economic Impact

- Creation of 40 new full time jobs in the City of
- Project estimates \$1,372,000 in new annual City tax revenue from new employees.
- The project will generate \$99,531 annual residency taxes and once stabilized, the project is expected to generate \$445,464 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.

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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 purposes described in this ordinance, File, or 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
10-18-2021
FOR: Interim Director Ebersole

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

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READ FIRST TIME on OCTOBER 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

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

FILED WITH COMMITTEE

**PASSAGE RECOMMENDED BY
COMMITTEE ON
FINANCE**

FILED WITH COMMITTEE

