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Development, Planning and Sustainability Committee

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Agency: [Cleveland City Council](#)

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Summary

- Details about a 20-year development project involving Tower City and the Cuyahoga Riverfront were discussed. The timeframe is so long and the scale of the project so big that there weren't many specifics to share. But the plan from Bedrock would include more than 3 million square feet of development and 12 acres of "open space."
- A tax increment financing (TIF) overlay district is being proposed for the Bedrock project but it also would include other big downtown development projects. TIF overlay districts haven't been used as a development tool in Cleveland before, but they have been used in other cities in Ohio.
- A separate project on the far west side (West 130th & Lorain) was approved for a project-specific TIF plan. This plan calls for converting a former CMSD school to residential units by the end of 2024.

Follow-Up Questions

- If City Council approves a TIF overlay district downtown, does it give up some of its authority to approve downtown development projects? Would developers work directly with the Community Development or Economic Development Departments and bypass City Council's approval of financing plans?
- There were very few dollar amounts discussed around the Bedrock project. At the very end of the meeting, Council President Blaine Griffin mentioned the figure \$3.5 billion over 20 years. Is that accurate? If so, has there ever been any other development or infrastructure project of that scale in the City of Cleveland?
- Council Member Jasmin Santana asked a really powerful question about how Rocket Mortgage and/or the Rocket Mortgage Community Foundation could help homeowners in neighborhoods affected by nearby development. But Santana asked it in the middle of a series of questions or comments, so her question didn't really get the prominence I felt it deserved. To her credit, Bedrock's Deb Janek

addressed that part of the question with a non-specific answer by saying that they work with council members, but it left me wondering why council members so frequently bury powerful questions rather than press people to answer them publicly? By moving on quickly, or not insisting on a response, those powerful questions lose their impact. I would have really liked to have heard a detailed response from the Bedrock/Rocket Mortgage team. I have seen this pattern from many council members, not just Santana. Why do they do that? Are fuller conversations had outside of the public setting?

Notes

Recording of this meeting: <https://www.youtube.com/watch?v=6SNom9I6m4A>

The meeting was held in room 217 of City Hall at 9:30 a.m. Tuesday, the morning after the Browns played the Steelers on Monday Night Football. The meeting began approximately 10 minutes late.

There were only two items on the agenda, but the meeting went long, lasting 2 1/2 hours. At various times, the livestream had as many as 25 people viewing.

The first agenda item was approval of tax-increment financing (TIF) for a housing project near West 130th & Lorain Avenue (Ordinance [690-2023](#)).

Interim Director of Economic Development Terri Hamilton Brown was present, along with Conrad Metz from Economic Development and Michael Curry from the Office of Equal Opportunity. The developer, Josh Rosen of [Sustainable Community Associates](#) (SCA), was also present.

This was the second of two pieces of legislation related to this TIF (the first one was the chain of title) and the last ordinance needed to move the project forward. The project is a \$14 million conversion of the former Hawthorne Elementary School building into 37 residential units and “a ton of greenspace,” according to Rosen. Hawthorne Elementary is a former Cleveland Metropolitan School District school that closed in 2013.

Rosen said this is one of the most complicated projects SCA has undertaken because of the number of partners and different funding sources. This TIF was referred to as a “non-school TIF,” meaning that tax revenues that go to CMSD won’t be impacted. Rosen said renovation will begin in October and last 12 to 13 months.

Ward 14 Council Member Jasmin Santana asked about rents for the new units. Rosen said they're projected at \$1.40/square foot, which translates to \$900 to \$1,100 a month for a one-bedroom unit and \$1,400 for a two-bedroom unit. The developer is planning to convert the gym into a residential unit, too, but it will be sized and priced differently.

Santana also asked how much of the \$14 million was "out of pocket" from the developer. Rosen answered about \$400,000.

This project is in Ward 16. Ward 16 Council Member Brian Kazy called this "an overly exciting project" and said he couldn't remember the last time a market-rate housing project went up on the far West Side. He also said he thought this kind of project was the best use of a TIF: "a smaller developer coming into a neighborhood that doesn't see development at all, or at least very rarely."

Ward 3 Council Member Kerry McCormack read some amendments to the ordinance. I think it may have been related to the deed number or other details like that, but it wasn't quite clear to me what was being amended. There was no further discussion or questions about the amendment, and the ordinance, as amended, was approved.

Committee Chair Anthony Hairston (Ward 10) said he has asked for a rundown of community benefits whenever there is a TIF. The Economic Development Department presented this slide as part of their presentation. Many comments about the size of the text were made.

Department of Economic Development
HAWTHORNE ELEMENTARY PARTNERS, LLC
TIF ANALYSIS SUMMARY & ECONOMIC DEVELOPMENT ROI

- Total Project Investment \$14 million
- 36 apartments, 75% of units affordable to residents between 80 – 100% AMI
- Creation of 5 new W-2 FTE jobs
- \$250,000 of new annual payroll
- Approximately \$641,250 of total new income tax revenue over the 30-year term of the TIF (Est. \$21,375 annually)
- Approximately \$641,250 of total new income tax revenue over the 30-year term of the TIF (Est. \$21,375 annually)
- 15 year resident tax abatement
- No commercial tax abatement associated with the project
- Estimated non-school 41 TIF net proceeds are \$307,372

The second agenda item, which took up the bulk of the meeting, was about creating a “TIF overlay district” downtown to support a long-term development project involving Tower City and the nearby riverfront (Ordinance [787-2023](#)). I felt that there were two different things being discussed at this point in the meeting: the planning of the big Bedrock/Tower City project and the creation of a larger downtown TIF overlay district downtown.

Chief Integrated Development Officer Jeff Esptein and Chief Finance Officer Ahmed Abonamah presented to council along with representatives from Bedrock—Chief Community Growth and Development Officer Nadia Sesay and Senior Vice President of Business Development in Cleveland Deb Janek.

The Bedrock concept is a 20-year plan to build and develop along Canal Road and the riverfront by Tower City. This will include parks and construction of multiple new buildings. The plans are conceptual and not finalized or even drawn up architecturally yet. The plan also includes infrastructure work such as rebuilding Canal Road and

reinforcing the bulkhead walls along the Cuyahoga River.

Here are some highlights of the timeline from Sesay’s portion of the presentation:

- 60- to 72-month time frame (five to seven years) for 5 acres of “open space” and 1 million square feet of development
- Bulkhead improvements could begin as soon as October 2023
- 10-year timeframe for a new riverwalk with a rebuilt Canal Road
- 20-year timeframe for 12 acres of “open space” and 3.5 million square feet of development

Janek called the images below “massing” studies to show placeholder renderings of buildings where new construction could go, as well as the rebuilt Canal Road riverwalk. These aren’t final plans, but they show the scope of the long-term project.



To support this development, the ordinance is proposing creating a [Tax Increment Financing \(TIF\)](#) overlay district. These have been used in other cities in Ohio (Independence, Columbus) but never before in Cleveland. A TIF overlay district can offer the financial incentives of a TIF but for development within a set “overlay district” rather than for just a specific development project.

The TIFs we've seen in Cleveland have been set individually for specific projects.

What is a **Tax Increment Financing (TIF) District?**

A TIF (tax increment financing) district is a designated area where new property taxes generated by an increase in property values contribute to a public improvement fund instead of normal taxing jurisdictions.

How it works:

- 1 A township, municipality, or county puts a TIF in place.
- 2 Over time, property values within the TIF increase.
- 3 The property taxes on any increase in property value can be used for eligible "Public Improvements," and debt can be issued to generate more proceeds upfront.

From Tax Increment Financing: A Primer, courtesy of the Citizens Budget Commission.

TIF Overlay **District**

The Plan

The City is advancing projects to create accessible and equitable access to our lakefront and riverfront, ensure our downtown remains a vibrant center of jobs, commerce, and recreation for our City and region, and strengthen our neighborhoods.

These goals will require substantial public infrastructure investments. To advance them, we propose the creation of the Shore-to-Core TIF Overlay District.

Objectives:

- Create, capture, and leverage growth in the city's downtown core to benefit all Clevelanders.
- Support robust public infrastructure investments to strengthen waterfronts and downtown
- Fund investments in parks and recreation throughout Cleveland's neighborhoods

Models of **Success**



Columbus – Downtown TIF
Currently generating over \$2M/year (non-school), has generated over \$11M (non-school) since inception in 2008. Designated by City as a “remote” TIF – revenue can be used for redevelopment purposes anywhere within City



Columbus – Easton TIF
Currently generating over \$8M per year (non-school) – over \$100M of revenue since inception in 1996, with over \$9.75M of “remote” TIF proceeds.



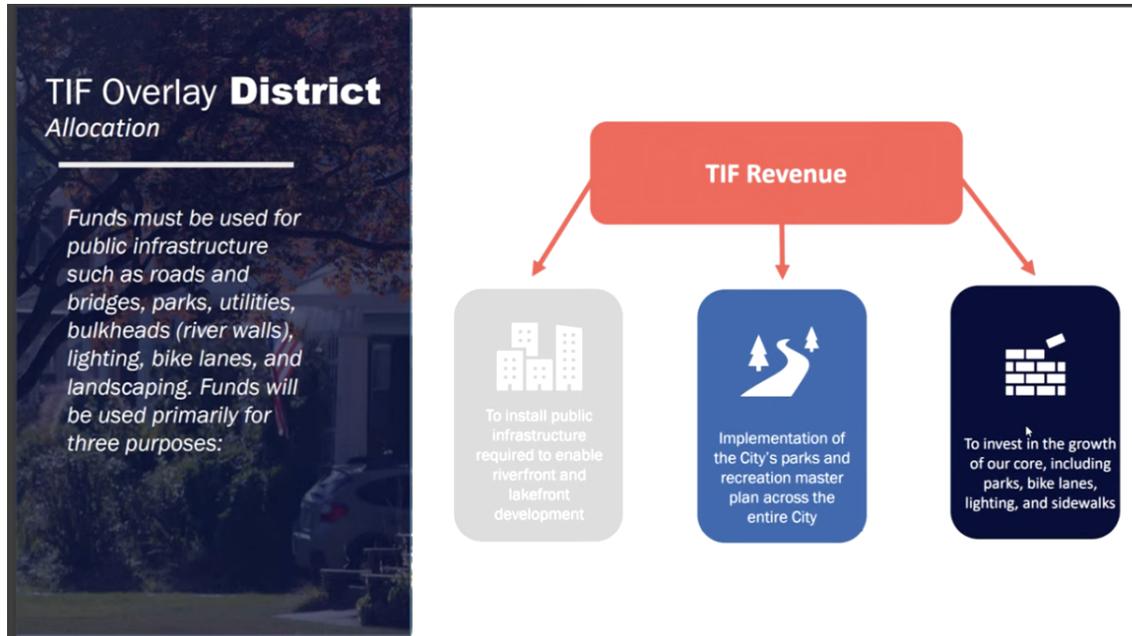
Independence – Rockside Woods Blvd TIF
City of Independence created a TIF to fund the extension of the roadway from Embassy Suites out to Brecksville Road and the expanded intersection at Brecksville Road.

Additionally, the revenue from this proposed TIF overlay district would be limited to supporting public infrastructure. There was a lot of talk from Epstein and Abonamah about how this would support parks and recreation facilities across the City of Cleveland.

Epstein said it is “essentially borrowing against the future growth of property value downtown,” and Abonamah said it would unleash “a virtuous cycle” of investment.

Abonamah said the agreement doesn’t designate any city funds, but future legislation might. Epstein said that they don’t anticipate spending any general fund money. Any public money is from “the TIF instruments.”

Ward 13 Council Member Kris Harsh asked if that meant the city would be issuing bonds. Epstein said another entity, such as the Port, might do that based on the final legislation.

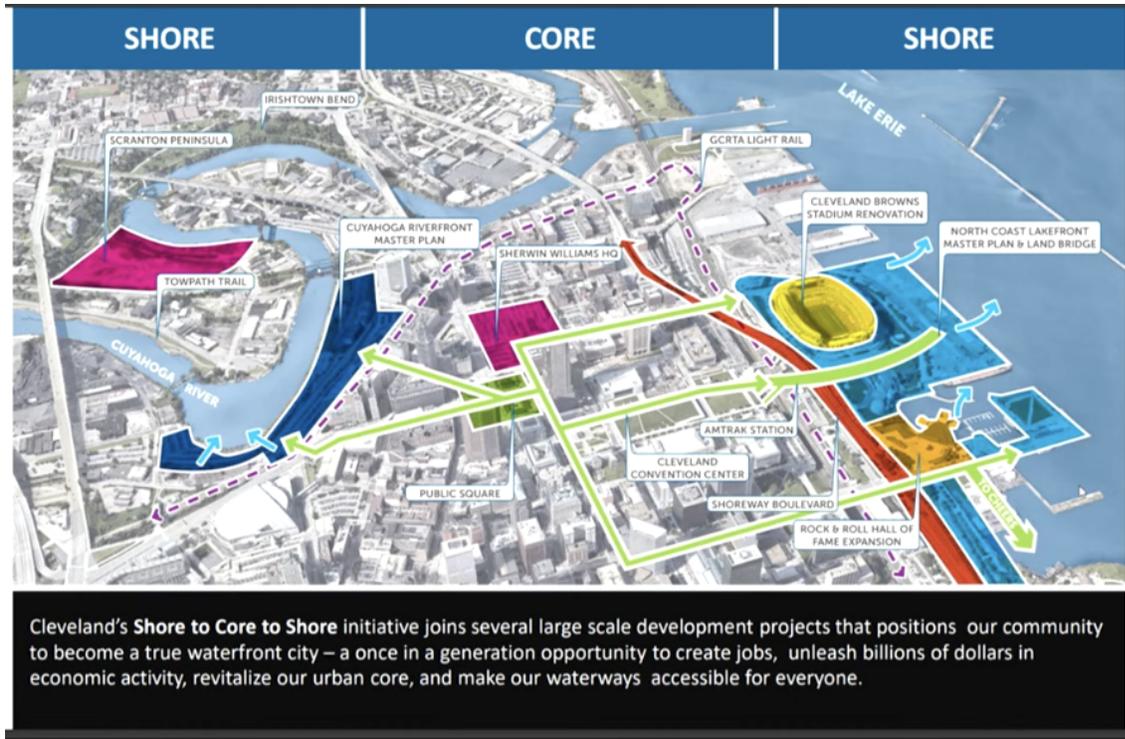


It sounded to me as though this TIF overlay district would be beneficial to Bedrock's plans because it could ensure their 20-year development plan within the district would receive TIF benefits and they would not have to seek approval for each new building or component.

Ward 15 Council Member Jenny Spencer asked if the geographic boundaries for the TIF overlay district had been set. Epstein said they were introducing the concept, and the specifics would need to be hammered out and approved by City Council.

Epstein spent some time framing the TIF overlay district as part of a bigger vision of downtown development, from "shore to core to shore," meaning the whole area of downtown from the riverfront through the middle of downtown and extending to Lake Erie.

This would include the proposed land bridge over the West Shoreway (which was referred to as "the North Coast Connector") and renovations/improvements around Browns Stadium. Shore-to-core-to-shore can be difficult to say out loud, and I enjoyed hearing people say it so many times.



Hairston asked several questions and wanted to see projections for when the city “will be in the green” and start to realize revenue from the TIF overlay district.

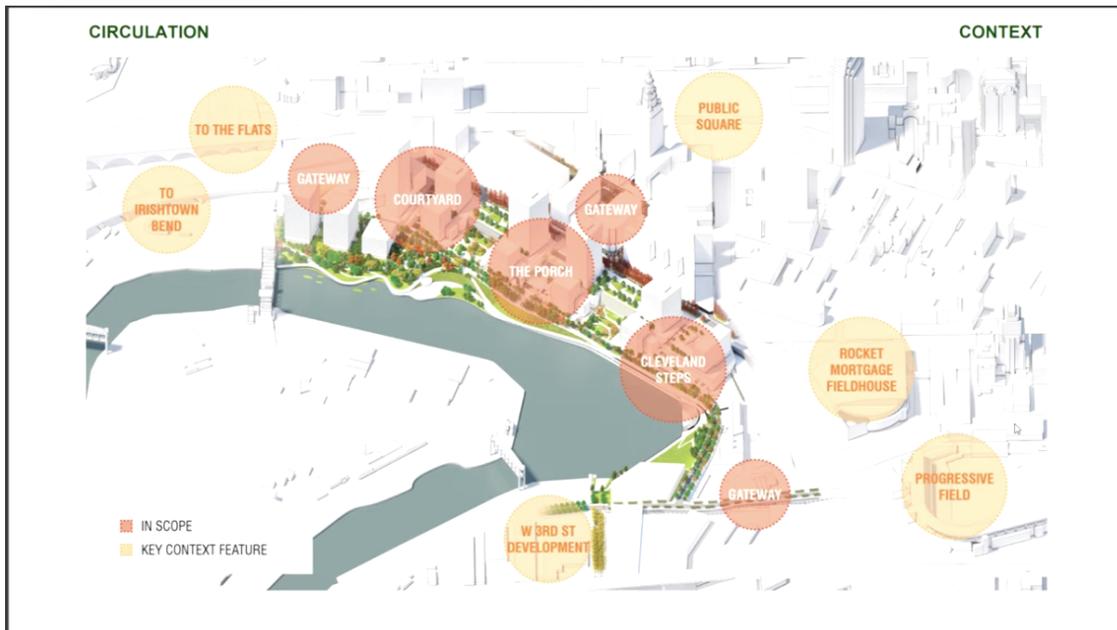
Hairston had previously mentioned that he wanted to see a straightforward list of community benefits any time a TIF is proposed.

Epstein breezed past a slide about community benefits during the presentation, saying those details would be forthcoming.

Hairston also asked the Bedrock team for a rundown of proposed riverfront access sites. Janek got up to the screen and pointed to them:

- Rebuild Eagle Avenue bridge ramp connector (which is currently a stairway that leads up to Ontario Road by Progressive Field)
- Plan to rebuild Canal Road along the river (and move it 200 feet toward the bulkhead)
- Two new sets of stairways, ramps and lifts—one behind the Stokes Federal Courthouse and the other leading up to the “knuckle” of Huron and Ontario.
- Steps and plazas leading up to Tower City and out to Public Square (making

it a big “arcade”).



The Bedrock project, and much of the potential TIF overlay district, is in Ward 3, represented by McCormack. McCormack supports the project. He also said he’s “haunted” by the NuCLEus project falling through due to “politics” – he called that “a lose, lose, lose, lose” situation because there was no new development and no capital revenue for schools. McCormack was most excited about public access to the riverfront.

Santana asked how the developers would plan to offset displacement in downtown and surrounding neighborhoods.

Epstein said that was important to think about, but he did not elaborate.

Santana asked a series of questions and comments, including one that really stood out to me: What can Rocket Mortgage or the Rocket Mortgage Foundation do to help homeowners deal with rising costs and displacement?

However, that question didn’t get addressed, and Santana asked several other questions and then moved on to talking about high aspirations for bringing shoppers back to Tower City.

Janek addressed part of Santana’s question, saying that the Rocket Mortgage Community Foundation works with all council members and “will continue to.”

Ward 1 Council Member Joe Jones said that this Bedrock project was on the same scale as the Gateway project and the construction of the Browns Stadium. He praised Bedrock for the improvements their developments had brought to downtown Detroit. He said that this project had the capacity to “save minority businesses” in Cleveland. He also said he hasn’t yet had the pleasure of meeting Dan Gilbert, the owner of Rocket Mortgage and the Cleveland Cavaliers, but would like to.

Harsh asked about the specific arrangements for school taxes in this TIF. As proposed, it sounds as though CMSD will get a big upfront payment rather than the ongoing tax revenue from the TIF overlay district.

Epstein said the specifics of school funding will be finalized by the legislation and that the city will work with CMSD to determine what the district sees as most advantageous, even if that means the TIF overlay district leaves school taxes untouched.

Harsh also asked if this project leaves rail right-of-way access to Tower City.

Epstein said that there are other conversations about the possibility of extending the Cuyahoga Valley Scenic Railroad to Tower City. Janek said Bedrock is committed to keeping RTA access at Tower City.

Spencer expressed concern that projects adding new housing downtown might not be coordinating with one another. She also expressed concerns about the eventual total costs of this project, saying it will be “eye-popping.” She also said that this project would require lots of public funding from state and federal sources, and that “we may not be able to have it all.”

Council President Blaine Griffin asked about what portion of the cost might come from federal sources. His question wasn’t answered, but he dropped a figure for the project that I didn’t see or hear anywhere else: \$3.5 billion over 20 years.

After Griffin’s questions, Hairston said the ordinance was approved. He then adjourned the meeting.

I also want to note that I heard the Bedrock team float a soft rebrand of Collision Bend as “Canal Bend.”

If you believe anything in these notes is inaccurate, please email us at cleDOCUMENTERS@gmail.com with "Correction Request" in the subject line.