



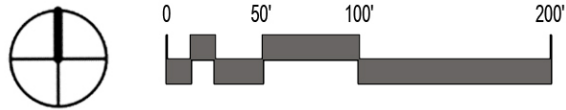
Top of the Hill – Redevelopment Project

Tax Increment Financing (TIF) Proposal

**City of Cleveland Heights and
Cleveland Heights – University Heights School District**

December 14, 2017

DRAFT



- 1 HOTEL
- 2 MIXED-USE BUILDING WITH GROUND FLOOR RETAIL
- 3 APARTMENT BUILDING
- 4 APARTMENT BUILDING AND TOWNHOUSES
- 5 PARKING DECK



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**Top of the Hill – Redevelopment Project
Compensation Agreement Summary**

Top of the Hill Mixed-use Project – 5709.41 Tax Increment Financing (“TIF”) District

- School Board agrees to approve City declaration of a 100% Tax Increment Financing (TIF) exemption of new improvements for 30 years for the Project;
- City of Cleveland Heights will provide land for the development valued by the County at \$764,600. It is anticipated that City will have on-going expenses associated with maintaining the development during the TIF term, as well;
- “Owner”, an affiliate of F&C, will borrow funds commercially to monetize TIF with no public backing. The amount to be borrowed will reflect the best estimate, established at the time the TIF is monetized, of the future market value of the development at completion. The market value estimate will be determined with the input of the Cuyahoga County Fiscal Office Appraisal Department;
- The base (current) land value of \$764,600 will be excluded from the TIF and property taxes on land will be paid, which is expected to result in approximately \$27,897 of annual property tax revenue to the School District.
- Owner will annually pay “Service Revenue” in lieu of property tax on the improvements;
- City will annually collect Service Revenue on the increased value due to new improvements and will first distribute the amount necessary to pay annual TIF debt service to Owner or a trustee.
- From remaining Service Revenue, City will then distribute to School District an amount equal to 25% of the property tax revenue that the District would have received for that year, but for the TIF. The distribution to the School District will reflect the current effective millage and property value. Any increase in millage from future school levies after the commencement of the TIF will go 100% to the School District;
- If excess annual Service Revenue remains, City, at its discretion, will distribute remaining Service Revenue to reimburse the Owner for improvement costs, pay costs of additional improvements to the project site, or refund a portion of indebtedness.

Project Description and TIF Flow of Funds:

Type of Development: Mixed use commercial and residential;

Proposed Uses: Residential luxury apartments, hotel, and commercial/retail, potential Class "A" office, townhomes, and structured parking facility;

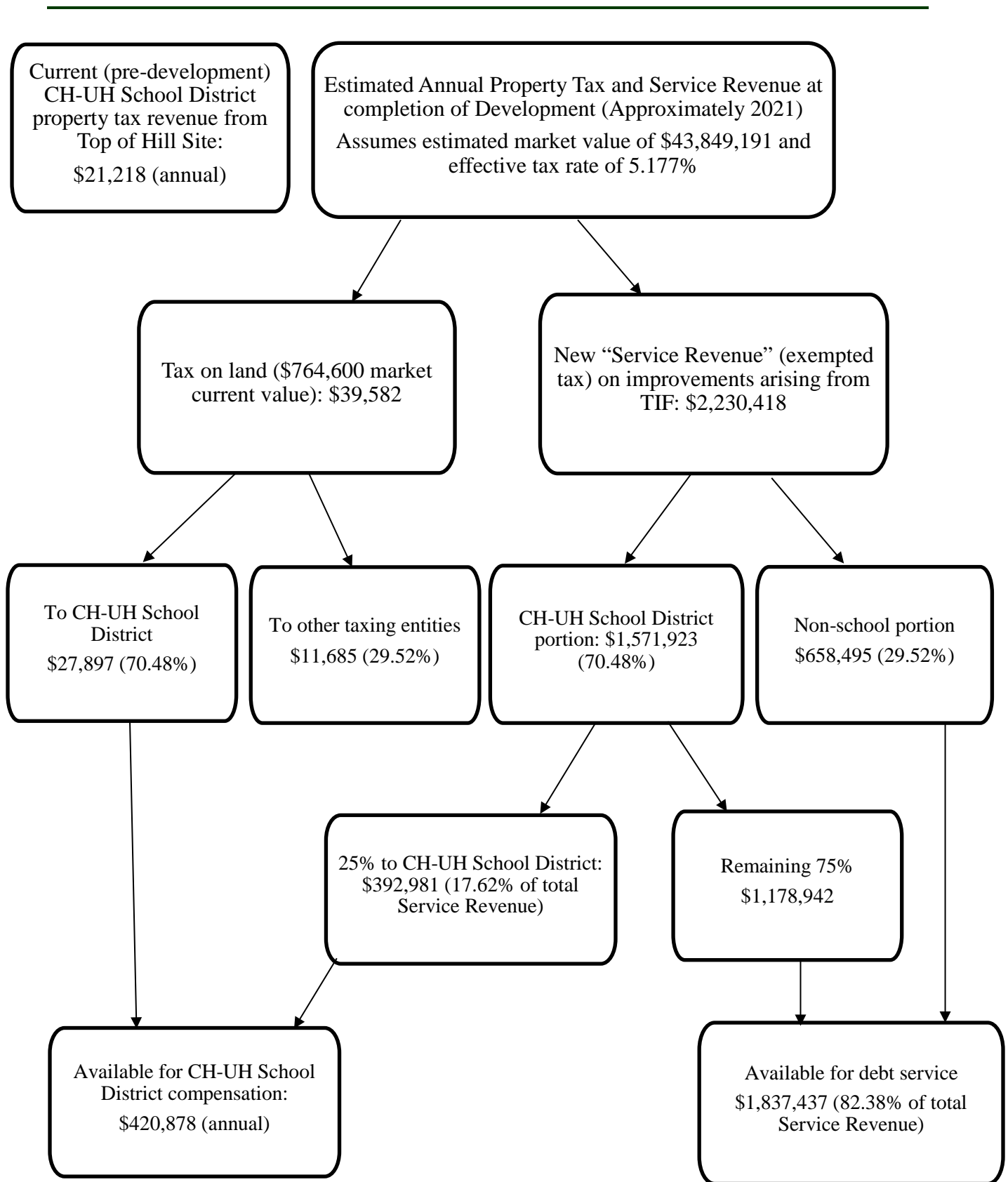
Current Uses: Municipal surface parking serving neighborhood residents and commercial district businesses;

Current Real Estate Tax Revenue (School Portion — 2016 County value and taxes): \$21,218 annual;

Total millage:	147.9095540000	100%
CHUH School District millage:	104.2416290000	70.48%
Non-school millage:	43.6679250000	29.52%

Effective Tax Rate:	5.177%
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	<u>Land</u>	<u>Improvements</u>	<u>Total</u>	
Estimated Market Value	\$764,600	\$43,084,591	\$43,849,191	
Total Tax	\$ 39,582	\$ 2,230,418	\$ 2,270,000	
Exemption %	0%	100%		
Tax exempted	---	\$ 2,230,418		
Tax due	100% \$ 39,582	---		
CHUH S.D. Portion	70.48% \$ 27,897	---		
Service Revenue	100% ---	\$ 2,230,418		
CHUH S.D. Portion	70.48% ---	\$ 1,571,923		
CHUH Compensation (25%)	---	\$ 392,981		
Revenue to CHUH S.D.	\$ 27,897	\$ 392,981	\$420,878	17.62%
Available to the Development	---	\$ 1,837,437		82.38%



Top of the Hill - Mixed Use Development Project Cleveland Heights		
Economic Impact Analysis		
December - 2017		
Project Costs = \$77,000,000		
	Annual (Stabilized)	Over 30 Years
County	\$31,250	\$1,267,752
State	\$200,000	\$5,831,661
Sales Tax Total	\$231,250	\$7,099,414
Commercial Activity ("CAT") Tax	\$15,177	\$641,595
Real Estate Taxes - City	\$3,725	\$129,582
Real Estate Taxes - Schools	\$27,897	\$970,394
School Portion - Service Revenue	\$392,981	\$10,803,482
State	\$41,527	\$1,684,656
City	\$50,822	\$2,061,763
Total Income Tax (Permanent Jobs)	\$92,349	\$3,746,419
State	\$874,069	\$874,069
City	\$685,688	\$685,688
Total Income Tax (Construction Jobs)	\$1,559,756	\$1,559,756
New City Income Tax (Apartment Residents)	\$219,096	\$8,888,304
TOTAL RECURRING TAX REVENUE	\$982,475	\$32,279,190
City of Cleveland Heights Recurring Tax Revenues	\$273,644	
Cleveland Heights - University Heights School District Annual Payments	\$420,878	
Cuyahoga County Recurring Tax Revenues	\$31,250	
State of Ohio Recurring Tax Revenues	\$256,704	
Permanent Jobs	91	
New Residents	210	
Construction Jobs	588	

Top of the Hill - TIF Analysis

School Portion	Mills	Participation	Net
Non School Portion	104.2416290000	70.48%	52.86%
	43.6679250000	29.52%	29.52%
Total	147.9095540000	100.00%	82.38%

Market Value	100,000
%	35.00%
Assessed Value	35,000
Annual Taxes	5,177
Effective Rate	5.177%
Growth Factor	0.00%

Total Annual Taxes
Proforma Value
Prop. Tax Fair Value
Difference

100%

Phase I									
Hotel					Multifamily				
Values	\$/SF	\$/Unit			Values	\$/SF	\$/Unit		
11,203,758					31,679,592				
11,203,758					31,679,592				
-					-				

	Value	Total Taxes Paid	Base Value Taxes	Inc. Taxes	School PILOTS to Project	City PILOTS to Project	Total PILOTS to Project
1 2018	-	-	30.00%	-	-	-	-
2 2019	-	-	11,875	-	-	-	-
3 2020	5,601,879	290,000	11,875	278,125	82,112	234,496	654,328
4 2021	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
5 2022	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
6 2023	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
7 2024	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
8 2025	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
9 2026	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
10 2027	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
11 2028	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
12 2029	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
13 2030	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
14 2031	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
15 2032	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
16 2033	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
17 2034	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
18 2035	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
19 2036	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
20 2037	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
21 2038	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
22 2039	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
23 2040	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
24 2041	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
25 2042	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
26 2043	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
27 2044	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
28 2045	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
29 2046	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851
30 2047	11,203,758	580,000	11,875	568,125	167,730	476,588	1,329,851

Total Gross PILOTS

8,255,018

23,457,929

13,102,367

36,560,297

Total Annual Taxes	
Proforma Value	
Prop. Tax Fair Value	
Difference	

Total Gross PILOTS

61,316,702	32,410,446	18,102,773	10,803,482
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Top of the Hill Parcels: Current County Values and Taxes

Parcel Number	Property Class	Acreage	County Market	Assessed Value	2016 Taxes	School Portion
68518008	Commercial	0.246	\$56,800	\$19,880	\$2,940	\$2,073
68518009	Commercial	0.216	\$49,700	\$17,395	\$2,573	\$1,814
68518010	Commercial	0.184	\$42,100	\$14,735	\$2,179	\$1,537
68518012	Residential	0.429	\$34,500	\$12,075	\$1,573	\$1,109
68518013	Commercial	1.554	\$332,500	\$116,375	\$17,213	\$12,135
68518016	Commercial	0.156	\$17,500	\$6,125	\$906	\$639
68518018	Exempt	0.682	\$179,100	\$62,685	\$0	\$0
68518019	Commercial	0.475	\$52,400	\$18,340	\$2,713	\$1,912
Totals		3.942	\$764,600	\$267,610	\$30,097	\$21,218

Commercial Full Rate	200.44
Commercial Effective Rate	147.909544
Tax as Percent of Market	5.18%
Residential Full Rate	200.44
Residential Effective Rate	130.241116
Tax as Percent of Market	4.08%

Note: 2016 Taxes does not include special assessments, such as street lights, SID, etc., that a privately-owned parcel may be subject to.

Breakdown of property taxes:	Schools 70.5%
	County 12%
	City 9.5%
	Library 6%
	Metroparks 2%

Top of the Hill Site

