



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



0 50' 100' 200'

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



FLAHERTY & COLLINS
PROPERTIES

TOP OF THE HILL

SITE PLAN

eua

eppstein uhen : architects
9/18/2017 16200-01
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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;

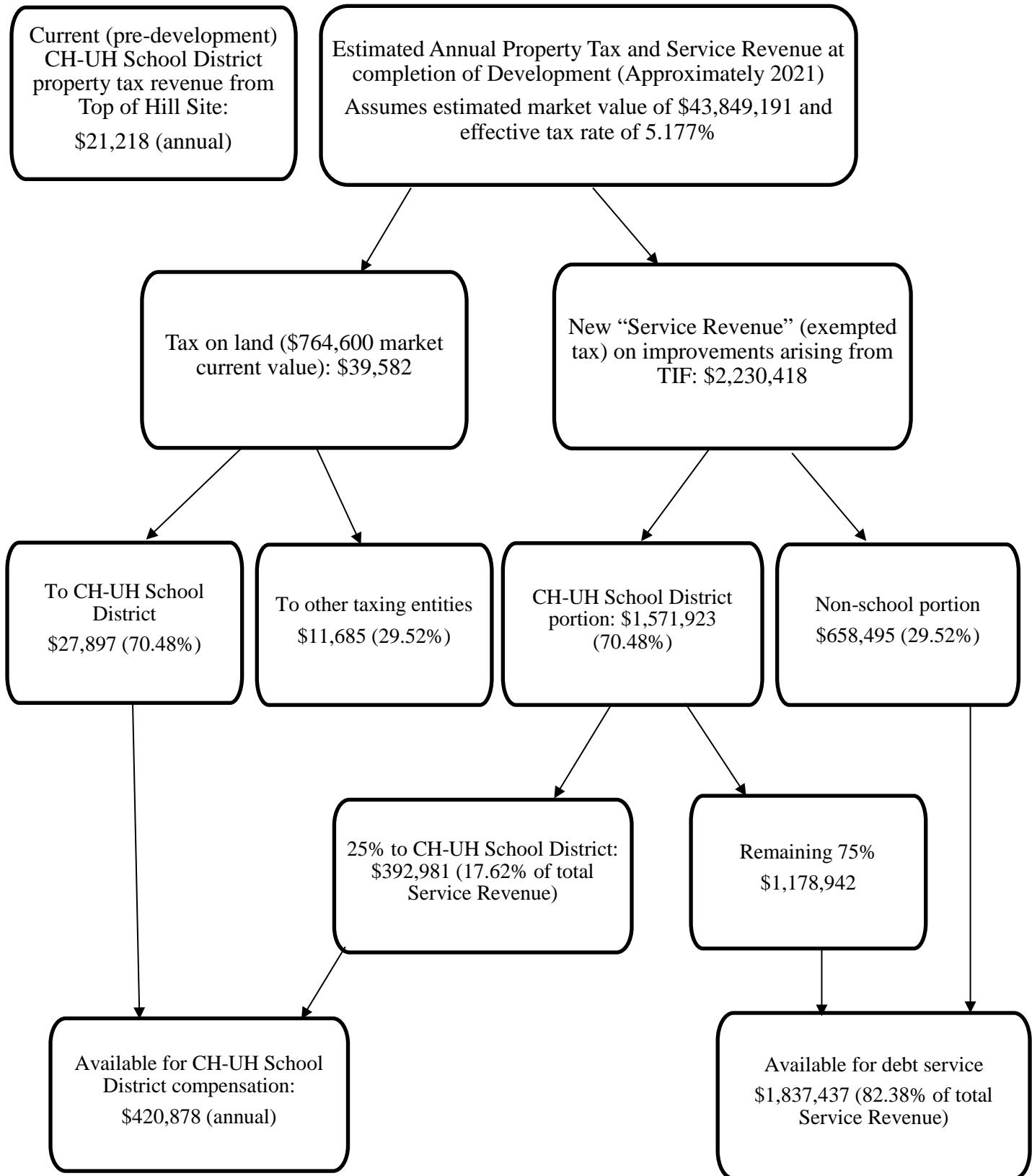
Proposed Uses: Residential luxury apartments, hotel, and commercial/retail, potential Class "A" office, townhomes, and structured parking facility;

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%	

	<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

Mills		%	Participation	Pancipation
104.2416290000		70.48%	75.00%	52.88%
43.66719520000		29.52%	100.00%	29.52%
147.9095540000		100.00%		82.38%

100.000	35.00%	35.000	5.177	5.177%	0.00%
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100.000
35.000%
35.000
5.177
5.177%
0.00%

Total Gross Bill OT

23 457 020 13 102 367 36 560 297

40 SEVERANCE CIRCLE, CLEVELAND HEIGHTS, OHIO 44118
ECONOMIC DEVELOPMENT
(216) 291-4444

	School Portion	Non School Portion	Total
Market Value			
Assessed Value			
Annual Taxes			
Effective Rate			
Growth Factor			

Commercial		
\$	\$SF	\$/Unit
965,841		
	965,841	
		100%
Total Annual Taxes		
Proforma Value		
Prop. Tax Fair Value		
Difference		

607 400	380 506	1 087 025
61 316 700	32 410 446	18 102 773

Total Gross Pilots

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ECONOMIC DEVELOPMENT
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Top of the Hill Parcels: Current County Values and Taxes

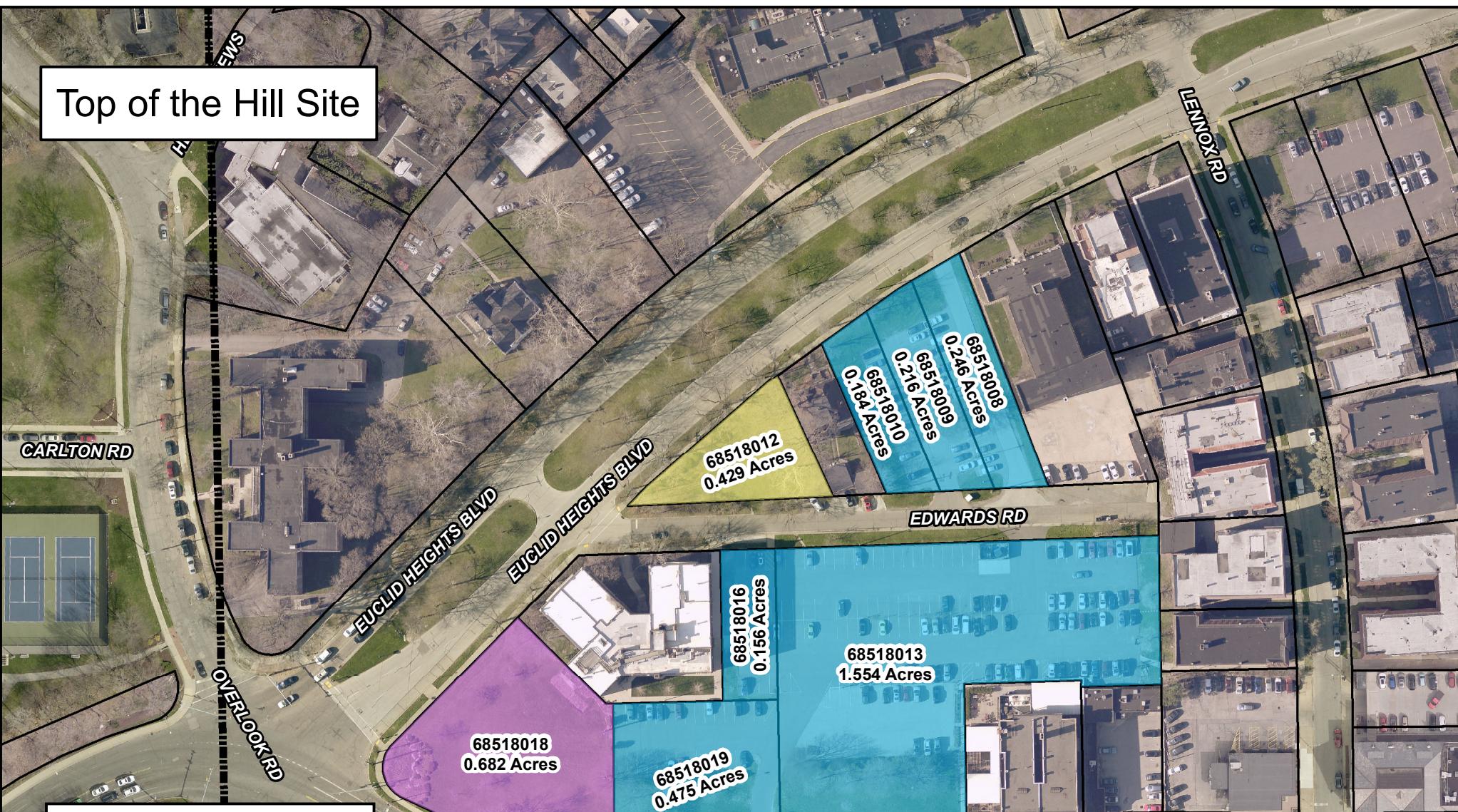
Parcel Number	Property Class	Acreage	County Market	Assessed Value	2016 Taxes	School Portion
68518008	Commercial	0.246	\$56,800	\$19,880	\$2,940	\$2,073
68518009	Commercial	0.216	\$49,700	\$17,395	\$2,573	\$1,814
68518010	Commercial	0.184	\$42,100	\$14,735	\$2,179	\$1,537
68518012	Residential	0.429	\$34,500	\$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



Property Class

Commercial

Exempt

Residential

Cleveland Heights Parcels

City Boundary

200

Feet

