

G. Economic Impacts

The proposed project would have a significant economic impact on the City of Cleveland Heights and the Cedar Lee neighborhood, both directly and indirectly. Our project will not only transform the site, but also serve as a catalyst for additional development and redevelopment in the area. Here's how:

- First, our project will include the addition of first class-luxury apartment stock that does not currently exist in the Cleveland Heights market today and will be on par with the product that will be delivered next year with the Top of the Hill Project, a big attraction for employers bringing new jobs to the City and retention of existing residents who desire this product. This project will attract and serve as a home to professionals in Cleveland market looking for a luxury living experience, who become, if not already, Cleveland Heights residents.
- Based on our experience with similar projects, we anticipate approximately 300 new residents to the area with average annual incomes exceeding \$100,000. The resident profile would be primarily millennials, young professionals and empty nesters, both singles and couples, with few children – low service cost residents with high disposable income and tax revenues. These residents will live both an active and social lifestyle, providing much support to existing Cleveland Heights and specifically Cedar Lee businesses.
- Cedar Lee is a strong commercial node for the City, that like many other similar areas, has faced challenges in the changing retail climate, and most notably from the COVID-19 pandemic. Our project, with the injection of 300 residents with average incomes above \$100,000, will benefit these businesses and improve the vibrancy of the area, making it a destination that attracts visitors from all over the Cleveland metro.
- \$50,000,000 capital investment, producing over 500 construction jobs, which has a total economic impact of nearly \$100,000,000 and 700 jobs when factoring in the direct, indirect and induced impacts.
- Permanent job creation of approximately 50-100 new full-time employees and \$2,000,000-\$5,000,000 of new annual payroll (in addition to the construction jobs).
- New property taxes exceeding \$1,500,000 annually
- Because we view our commercial tenants as an amenity for our residents rather than an income stream, we select commercial tenants that our residents will want to live near, which will also serve to attract additional visitors to the area.
- The development and its first-class architectural design will complement the recently renovated Cleveland Heights High School and the rest of the Cedar Lee District.

H. Resources Required

Flaherty & Collins Properties understands the importance of open communication and transparency when it comes to public partnerships. In this regard, we have worked very closely on previous development projects with city officials and municipalities to ensure the key objectives and goals of all involved are met.

Open Book

We embrace an open book process for discussion of the financial incentives needed to the fund any project gap. We will share our project pro forma with you from the onset. Flaherty & Collins has the expertise and experience with these forms of financing and understands what is required to attract capital and bring the project to fruition. This “open book” approach to our development process is integral to our success as public-private infill developers, and we would welcome the City of Cleveland Heights to ask any of our current or previous City partners how we are to work with as project partners. Further, we understand the responsibility that comes with receiving City incentives.

Given the volatility and uncertain created by and resulting from COVID, making economic projections in today’s climate is not only challenging, but highly speculative. However, we certainly understand the need for that type of information in the RFQ/RFP process. Therefore, we would propose an economic structure on this project similar to the one used at Top of the Hill. Specifically:

- 99-year land lease for \$10 per year with an option to purchase at year 40.
- 30-year TIF bonds issued by the City but sold using the project and developer’s credit and guaranties, as needed.

We would not expect any additional City tools to be needed on this project, but we are flexible and will work with the City on what it deems to be the best tools to use here. Given our vast experience with public-private partnerships, we have familiarity with a number of different economic incentive tools (Please see the financial charts in Section B.) and will work collaboratively with the City to determine the most efficient method of filling the financial gap.

We view this potential structure as a starting point in our discussion, given that the collaboration stage with the City on the project scope and design has not yet occurred. As the project evolves and crystalizes, the resources needed to complete the project can continually be reevaluated.

Certainty of Execution

We recognize municipal budgets are tight, especially with all the damage imposed by COVID-19. Ideally, these projects could occur without any incentives, but that is just not the reality for urban infill projects throughout the Midwest. However, given our experience and relationships, the City can feel most comfortable that its investment in this project will lead to achieving the goals and objectives City not only desires, but deserves with this project.