



**Willoughby Hills
Community Reinvestment Area (CRA)
Application/Agreement**



Please type

Date Received (office use only): February 19, 2013

1. **Proposed Agreement** for Community Reinvestment Area tax incentives between the City of Willoughby Hills, Ohio and (property owner) Clover Construction Management

348 Harris Hill Rd., Williamsville, NY 14221

Property owner address

Lon Marino

Contact person

Chagrin North Development

Project site address

[Redacted]

Business phone

(330) 341-9369

Cell phone

lmarino@cloverconstruction.com

Email address

31 A0040000240 & 31 A0040000250

Parcel number

2. Describe the nature of the proposed commercial activity to be conducted at this site: Congregate Care Facility – (3 story, 113 unit) Independent senior living apartment building at market rental rate.

3. Is this project/business

- A (N) new business
- A (C) consolidation or (R) relocation
- Full time positions anticipated
- Part time positions anticipated
- A (C) corporation, (P) partnership, (R) proprietorship, (O) other.

4. Names of principal owner(s) (25% or more) or officers of business

Michael Joseph, CEO & owner

Owner/Officer

Owner/Officer

Owner/Officer

Owner/Officer

Owner/Officer



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5. Will the project involve the relocation of employees or assets from another Ohio location to this site?

Yes No If Yes, from where? _____

Current number of jobs (FTE) _____ Number of jobs to be transferred (FTE) _____

Impact on of relocation on current community (income & tax loss) _____

6. Does property owner owe Any delinquent taxes to the State of Ohio, a political subdivision of the state, or any other moneys to a state agency for other reasons (administration enforcement of any environmental laws, past due amounts owed even if amounts are being contested?)

Yes No Yes, amount owed _____

7. Project will begin on 30 days after site plan _____ **and will be completed by** 6-8 months to construct

8. Estimate the number of new employees that will be created at the project site (job creation projection must be itemized by the name of the employer, full and part time, permanent and temporary, projected hiring date:)

Employer	FT/PT	Perm(P)/Temp(T)	Projected time frame for hiring
Clover Construction Management	3-4 FT	P	Within 30 days of building completion
Engineers /General Contractor & Subs	40-50		Engineers, surveyors during approval process
			General Contractors / Construction during construction 9-10 months

9. Estimate of amounts to be invested:

Estimate the annual payroll for new employees at project completion (salary, taxes)	\$126,500
A. Acquisition of land/building	\$550,000
B. Addition/New construction	\$9,500,000
C. Improvements to existing building	\$
D. Machinery & Equipment	\$
E. Furniture & Fixtures	\$40,000
F. Inventory	\$
G. Other	
Total New Project Investment: (add only items A through F)	\$10,090,000



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10. Business' reason for requesting tax incentives (please be as specific and quantitative as possible):

Clover Construction is requesting a 50% tax abatement over the first 10 years of the project. The Willoughby Hills market rent Senior Apartment Independent Living project will be a 3 story building consisting of 113 apartments, 84 - two bedroom units and 29 - one bedroom units. The apartments would be rented at "market rents" which are estimated to be \$870 for a one bedroom and \$945 for a two bedroom per month.

The senior residents would typically come from a five mile radius around the apartment complex and their age ranges from 75 to 90. Presently, based on 2012 demographic census there are 140,828 people within a 5 mile radius of our site, of which 10.6% or 14,931 people are between the ages of 75-85+. They no longer desire to own and maintain their home and prefer to stay in the area to be close to family and friends. In addition, this allows these senior residents to remain in the community that they grew up and raised their families in, to continue attending their place of worship, to enjoy their local restaurants and entertainment facilities, and to continue seeing their own doctors.

We have received tax abatements for virtually all of our senior apartment projects in New York State, Pennsylvania and Connecticut, and they have become a part of our business model. The total cost of our project is estimated to be approximately \$10,000,000, but without the abatement our business model does not work. That is because senior-living market rents are essentially capped due to the residents' fixed or limited income.

After working with Jim Haase, Commercial Appraiser for Lake County Auditor's Office, it is estimated that the annual real property taxes for the proposed building will be \$128,000 (does not include property taxes for the land), therefore, the tax abatement is estimated at \$64,000 per year.

This is based on an estimated assessed value of \$5,207,000 for the building multiplied by 35% and multiplying that result by the effective tax rate for the City of Willoughby Hills, 70.331893, and dividing by 1,000.

We are also requesting that the City adjust its calculation for determining the Water Benefit Use Fee ("Tap Fee") in accordance with the anticipated usage we have experienced at our other properties. The gallons per day ("GPD") being used by the Lake County Department of Utilities ("LCDOU") to calculate the Tap Fee are four times the amount of GPD as our average resident uses. LCDOU's standard unit used to calculate the Tap Fee is 250 GPD for a 1 bedroom unit and 300 GPD for a 2 bedroom unit, which amounts to approximately \$93,000. Our resident's average use is approximately 65 GPD which when applied to the LCDOU's formula amounts to approximately \$20,000. This would result in an over charge of approximately \$73,000. We would appreciate and request that the City take into account the attached documentation and allow the Tap Fee to be based on our average use of 65 GPD.

We believe that the Willoughby Hills market is ideal for the type of facility we provide. Unfortunately, based on our business model, not receiving the tax abatement and reduced Tap Fee could jeopardize our ability to move forward with this project.

We welcome the opportunity to discuss these requests with you at your earliest convenience.

Please let us know when the City might be available for such a meeting.

Thank you for your consideration



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City of Willoughby Hills

Submission of this application expressly authorizes the City of Willoughby Hills to contact the Ohio Environmental Protection Agency to confirm statements contained within this application, including item #6 and to review applicable confidential records. As part of this application, the property owner may also be required to directly request from the Ohio Department of Taxation, or complete a waiver form allowing the Department of Taxation to release specific tax records to the City of Willoughby Hills. The Applicant agrees to supply additional information upon request.

The Applicant affirmatively covenants that the information contained in and submitted with this application is complete and correct and is aware of the ROC Sections 9.66(C)(1) and 2921.13(D)(1) penalties for falsification which could result in the forfeiture of all current and future economic development assistance benefits as well as fine of not more than \$1,000 and/or a term of imprisonment of not more than six (6) months.

Clower Construction
Name of property owner

2/19/13
Date

Lon C. Marino
Signature

LON C. MARINO, Real Estate Manager
Print name and title

A copy of this proposal will be forwarded by the City of Willoughby Hills to the Willoughby/Eastlake Exempted Board of Education along with a notice of the meeting date at which the City will review the proposal. Notice will be given a minimum of fourteen (14) days prior to the City Council meeting to permit the Board of Education to appear and/or comment before City Council considering the request.

Please note that copies of this proposal must be included in the finalized Community Reinvestment Area Agreement and be forwarded to the Ohio Department of Taxation and the Ohio Department of Development within fifteen (15) days of final approval.



The City of
Willoughby Hills
**Community Reinvestment
 Act Agreement**

This agreement made and entered into by and between the City of Willoughby Hills, Ohio, a municipal corporation, with its main offices located at 35405 Chardon Road, Willoughby Hills, Ohio, 44094 (hereinafter referred to as “WILLOUGHBY HILLS” and Clover Communities Willoughby, LLC, an Ohio Corporation with its main offices located at 348 Harris Hill Road, Williamsville, NY, 14221 (hereinafter referred to as “PROPERTY OWNER”), WITNESSETH;

NOTE: All businesses and/or individuals required to make an investment, to create or retain jobs, or to receive a tax benefit as part of this project must be identified and be a party to this agreement.

WHEREAS the City of Willoughby Hills has encouraged the development of real property and the acquisition of personal property located in the area designated as a Community Reinvestment Area; and

WHEREAS, Clover Communities Willoughby LLC is desirous of constructing a new one hundred eleven thousand nine hundred twenty four square foot (111,924 s.f.) three story, 113 unit independent senior living apartment building in the Chagrin North complex on lot number 31A0040000240 and lot number 31A0040000250 at 34900 Chagrin Road in Willoughby Hills (hereinafter referred to as the "PROJECT") within the boundaries of the aforementioned Community Reinvestment Area, provided that the appropriate development incentives are available to support the economic viability of said PROJECT; and

WHEREAS, the Council of Willoughby Hills, Ohio by the adoption of Ordinance No. 2005-12 on February 10, 2005 designated the area as an “Community Reinvestment Area” pursuant to Chapter 3735 of the Ohio Revised Code; and

WHEREAS, the Council of Willoughby Hills, Ohio by the adoption of Ordinance No. 2006-12 on March 9, 2006 extended the area designated as an “Community Reinvestment Area”, pursuant to Chapter 3735 of the Ohio Revised Code ; and

WHEREAS, effective February 22, 2005, the Director of Development of the State of Ohio determined that the aforementioned area designated in said Ordinance No. 2005-12 contained the characteristics set forth in Section 3735.66 of the Ohio Revised Code and confirmed said area as a Community Reinvestment Area under said Chapter 3735; and

WHEREAS, the City of Willoughby Hills, having the appropriate authority for the stated type of project, is desirous of providing Clover Communities Willoughby LLC with incentives available for the development of the PROJECT in said Community Reinvestment Area under Chapter 3735 of the Ohio Revised Code; and

WHEREAS, Clover Communities Willoughby LLC submitted a proposed agreement application (herein attached as Exhibit A) to the City of Willoughby Hills, said application (hereinafter referred to as "APPLICATION"); and

WHEREAS, Clover Communities Willoughby LLC has remitted the required state application fee of \$750.00 made payable to the Ohio Development Services Agency with the application to be forwarded to said department with a copy of the final agreement; and

WHEREAS, the City of Willoughby Hills has investigated the application of Clover Communities Willoughby LLC and has recommended the same to the Council of Willoughby Hills on the basis that Clover Communities Willoughby LLC is qualified by financial responsibility and business experience to create and preserve employment opportunities in said Community Reinvestment Area and improve the economic climate of Willoughby Eastlake School District; and

WHEREAS, the project site as proposed by Clover Communities Willoughby LLC is located in the Willoughby-Eastlake School District and the Board of Education of the Willoughby-Eastlake School District has been notified in accordance with Section 5709.83 and been given a copy of the APPLICATION; and

WHEREAS, pursuant to Section 3735.67(A) and in conformance with the format required under Section 3735.671(B) of the Ohio Revised Code, the parties hereto desire to set forth their agreement with respect to matters hereinafter contained;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and the benefit to be derived by the parties from the execution hereof, the parties herein agree as follows:

1. PROPERTY OWNER shall construct a new one hundred eleven thousand nine hundred twenty four square foot Congregate Care Facility for independent senior living at 34900 Chardon Road, Willoughby Hills, Ohio. Said facility shall be constructed on part of PPN 31-A-004-0-00-024-0 and 025-0 as the same is known and designated on the Auditor's revised list of lots in the district three of Willoughby Hills, Ohio.

In addition, PROPERTY OWNER will purchase and install new furniture and equipment including but not limited to 113 refrigerators, 113 dishwashers, 113 microwave ovens, 113 stop top ovens, 12 washing machines, 12 dryers and assorted furniture, tables and chairs.

The PROJECT will involve a total investment by Property Owner \$5,786,000 (five million seven hundred and eighty six thousand) dollars, plus or minus 10%, at the Project Site. Included in this investment are \$ 5,115,000 (five million one hundred and fifteen thousand) dollars for construction of the facility, \$156,000 (one hundred fifty six) dollars to purchase first used machinery and equipment and \$515,000 (five hundred and fifty thousand) dollars to purchase the land.

The PROJECT will begin December 1, 2013 and all acquisition, construction and installation will be completed by November 1, 2014.

2. PROPERTY OWNER shall create within a time period not exceeding 24 months after the commencement of construction of the aforesaid facility, equivalent of three new full-time permanent job opportunities and fifty full-time temporary job opportunities (construction.) Property Owner or others schedule for hiring is as follows: create 50 new jobs in year one (construction) and 3 new full-time permanent jobs in year two. The job create period begins December 1, 2013 and all jobs will be in place by November 30, 2014.

In total, upon completion of construction, PROPERTY OWNER and /or others will have a minimum of 2 full-time permanent employees, 00part-time permanent employees, 00 full-time temporary employees, and 00 part-time temporary employees in the State of Ohio.

In total, PROPERTY OWNER will create 2 full-time permanent jobs and 50 full and/or part time construction jobs.

This increase in the number of employees will result in approximately (\$140,000) (one hundred forty thousand) dollars of additional annual payroll for PROPERTY OWNER or others. The following is an itemization by the type of new jobs created: full-time permanent \$140,000, full-time.

3. Clover Communities Willoughby, LLC shall provide to the proper Tax Incentive Review Council any information reasonably required by the Council to evaluate the property owner's compliance with the agreement, including returns filed pursuant to Section 5711.02 of the Ohio Revised Code if requested by the Council.

a. Clover Communities Willoughby, LLC shall maintain a membership in the Willoughby Western Lake County Chamber of Commerce.

4. WILLOUGHBY HILLS hereby grants the Clover Communities Willoughby LLC, a tax exemption for real property improvements made to the PROJECT site pursuant to Section 3735.67 of the Ohio Revised Code and shall be in the following amounts:

Percentage of Exemption

10 Years @ 50% the exemption commences the first year for which the real property would first be taxable were that property not exempted from taxation.

Each identified project improvement will receive a 10 year exemption period. The exemption commences the first year for which the Real Property exemption would first be taxable were that property not exempted from taxation.

Clover Communities Willoughby, LLC must file the appropriate tax forms with the County Auditor to effect and maintain the exemptions covered in the agreement.

5. Clover Communities Willoughby, LLC shall pay an annual fee equal to the greater of one percent of the dollar value of incentives offered under the agreement or five hundred dollars: provided, however, that if the value of the incentives exceeds two hundred fifty thousand dollars, the fee shall not exceed two thousand five hundred dollars.

The fee shall be made payable to the City of Willoughby Hills once per year for each year the agreement is effective on the days and in the following forum cash or certified check.

The fee is to be paid to the City Finance Director and made out to The City of Willoughby Hills. This fee shall be deposited in a special fund created for such purpose and shall be used exclusively for the purpose of complying with section 3735.671(D) of the Revised Code and by the tax incentive review council created under section 3735.671(D) of the Revised Code exclusively for the purposes of performing the duties prescribed under that section.

6. Clover Communities Willoughby, LLC shall pay such real and tangible personal property taxes as are not exempted under this agreement and are charged against such property and shall file all tax reports and returns as required by law. Property Owner fails to pay such taxes or file such returns and reports, all incentives granted under this agreement are rescinded beginning with the year for which such taxes are charged or such reports or returns are required to be filed and thereafter.

7. The City of Willoughby Hills shall perform such acts as are reasonably necessary or appropriate to effect, claim, reserve, and maintain exemptions from taxation granted under this agreement including, without limitation, joining in the execution of all documentation and providing any necessary certificates required in connection with such exemptions.

8. If for any reason the Community Reinvestment Area designation expires, the Director of the Ohio Development Services Agency revokes certification of the zone, or the City of Willoughby Hills revokes the designation of the zone, entitlements granted under this agreement shall continue for the number of years specified under this agreement, unless Property Owner materially fails to fulfill its obligations under this agreement and Willoughby Hills terminates or modifies the exemptions from taxation granted under this agreement.

9. If PROPERTY OWNER materially fails to fulfill its obligations under this agreement, or if the City of Willoughby Hills determines that the certification as to delinquent taxes required by this agreement is fraudulent, the City of Willoughby Hills may terminate or modify the exemptions from taxation granted under this agreement and may require the repayment of the amount of taxes that would have been payable had the property not been exempted from taxation under this agreement.

10. PROPERTY OWNER hereby certifies that at the time this agreement is executed, Property Owner does not owe any delinquent real or tangible personal property taxes to any taxing authority of the State of Ohio, and does not owe delinquent taxes for which Clover Communities Willoughby, LLC is liable under Chapter 5733., 5735., 5739., 5741., 5743., 5747., or 5753. of the Revised Code, or, if such delinquent taxes are owed, Clover Communities Willoughby, LLC currently is paying the delinquent taxes pursuant to an undertaking enforceable by the State of Ohio or an agent or instrumentality thereof, has filed a petition in bankruptcy under 11 U.S.C.A. 101, et seq., or such a petition has been filed against Property Owner. For the purposes of the certification, delinquent taxes are taxes that remain unpaid on the latest day prescribed for payment without penalty under the chapter of the Revised Code governing payment of those taxes.

11. Clover Communities Willoughby, LLC affirmatively covenants that it does not owe: (1) any delinquent taxes to the State of Ohio or a political subdivision of the State; (2) any moneys to the State or a state agency for the administration or enforcement of any environmental laws of the State; and (3) any other moneys to the State, a state agency or a political subdivision of the State that are past due, whether the amounts owed are being contested in a court of law or not.

12. Clover Communities Willoughby, LLC and the City of Willoughby Hills acknowledge that this agreement must be approved by formal action of the legislative authority of Willoughby Hills as a condition for the agreement to take effect. This agreement takes effect upon such approval.

13. The City of Willoughby Hills has developed a policy to ensure recipients of Community Reinvestment Area tax benefits practice non-discriminating hiring in its operations. By executing this agreement, Clover Communities Willoughby, LLC is committing to following non-discriminating hiring practices acknowledging that no individual may be denied employment solely on the basis of race, religion, sex, disability, color, national origin, or ancestry.

14. Exemptions from taxation granted under this agreement shall be revoked if it is determined that Clover Communities Willoughby, LLC, any successor property owner, or any related member (as those terms are defined in Section 3735.671 of the Ohio Revised Code) has violated the prohibition against entering into this agreement under Division (E) of Section 3735.671 or Section 5709.62 or 5709.63 of the Ohio Revised Code prior to the time prescribed by that division or either of those sections.

15. Clover Communities Willoughby, LLC affirmatively covenants that it has made no false statements to the State or local political subdivisions in the process of obtaining approval of the Community Reinvestment Area incentives. If any representative of Clover Communities Willoughby, LLC has knowingly made a false statement to the State or local political subdivision to obtain the Community Reinvestment Area incentives, Clover Communities Willoughby, LLC shall be required to immediately return all benefits received under the Community Reinvestment Area Agreement pursuant ORC Section 9.66(C)(2) and shall be ineligible for any future economic development assistance from the State, any state agency or a political subdivision pursuant to ORC Section 9.66(C)(1). Any person who provides a false statement to secure economic development assistance may be guilty of falsification, a misdemeanor of the first degree, pursuant to ORC Section 2921.13(D)(1), which is punishable by a fine of not more than \$1,000 and/or a term of imprisonment of not more than six months.

16. This Agreement is not transferable or assignable without the express, written approval of Willoughby Hills.

IN WITNESS WHEREOF, the City of Willoughby Hills, Ohio, by Robert M. Weger, Mayor of the City of Willoughby Hills and pursuant to Ordinance No. 2013-42, has caused this instrument to be executed this _____ day of _____ 2013 And Clover Communities Willoughby, LLC by _____ authorized business official, its _____ title of person has caused this instrument to be executed on this _____ day of month _____, 2013.

_____ Dated: _____
Robert M. Weger
Mayor, City of Willoughby Hills, Ohio

_____ Dated: _____
Richard Neville, Senior Director of Development/Clover Land Acquisition Development
Authorized Representative for Clover Communities Willoughby, LLC

Approved as to form:

_____ Dated: _____
Thomas G. Lobe
Law Director, the City of Willoughby Hills, Ohio

Note: In a Multiparty Agreement, each party's obligation and benefits should be clearly stated. In addition, all parties to receive a tax benefit should be a signatory party to the agreement.

Note: A copy of this Agreement must be forwarded to the Ohio Development Services Agency within fifteen (15) days of finalization.

Declaration of Restriction
for Clover Communities Willoughby, LLC

This declaration of deed restrictions of parcels **31A 00 40 000 240** and **31A 00 40 000 250**, and described in **Exhibit A** attached is made this _____ day of _____, 201__ by **Clover Communities Willoughby, LLC**, herein after as "DECLARANT", whose address is 348 Harris Hill Road, Williamsville, NY 14221.

Whereas, *DECLARANT* owns in fee simple, certain real property situated in the City of Willoughby Hills, County of Lake, State of Ohio, hereinafter described as the "Premises" and described in the attached legal description as **Exhibit A**.

Whereas, the *DECLARANT* provides the City of Willoughby Hills certain rights as defined herein. The *DECLARANT* proposes to build a Congregate Care Facility, Independent Senior Living Apartment Building and desires to establish certain restrictions with respect to the Premises;

Now, therefore, *DECLARANT*, as owner of the Premises, for itself, and its successors and assigns, declares that the Premises are held and hereafter shall be conveyed, subject to the following covenants, rights, reservations, limitations, and restrictions.

Article 1: Age Restrictions

1. All residents on the Premises described herein shall have reached at least the age of fifty-five (55) years; and
2. No children shall be permitted reside within the Premises described herein except for visitation of a maximum of five (5) days per month.

Article 2: Severability

If any restriction herein shall be found to be invalid or unenforceable, no other restriction shall thereby be affected or impaired. Failure or neglect to enforce the forgoing restrictions, rights or easements shall in no event be construed, taken or held to be a waiver thereof.

Article 3: Rights of the City of Willoughby Hills

These deed restrictions cannot be amended or altered without prior permission and approval of the City of Willoughby Hills, and further the City has the right to enforce these restrictions.

Article 4: Recording

This declaration shall continue and the obligations hereunder shall remain binding from the date of the filing of this Declaration in the Lake County. The covenants, rights, terms, reservations, limitations, agreements, and restrictions contained in this Declaration shall be deemed to be covenants running with the land herein described as the Premises, and not conditions and shall bind Declarant and all owners, managers and tenants of building lots, their respective heirs, successors and assigns. This Declaration shall create privity of contract and/or estate with and among all owners of all or any part of the Premises, their heirs, executors, administrators, successors or assigns.

