

## Minutes

### RTA Audit, Safety Compliance & Real Estate Committee Meeting

10:42 a.m., January 5, 2025

**Committee Members:** Koomar (Chair), Welch (Vice Chair), Elder, Pacetti, Sleasman, Weiss

**Not present:** None

**Staff/Other:** Allen, Becker, Biggar, Birdson Terry, Burney, Caver, Dangelo, Davidson, Dimmick, Fesler, Fields, Fleig, Freilich, Garofoli, Hudson, Jones, Jupina, Kerg, Kirkland, Korman, Laule, Lawson, Manning, Martin, Metcalf, Miller, Mothes, Piggery, Reynolds, Rusnov, Schipper, Sutula, Tarka, Togher, Walker Minor, Woodford, Young

**Public:** Fowler, Gibbons, Samuels

#### Sale of Property

Jim Rusnov, Senior Real Estate Manager gave the presentation.

This is a request to sale a 1.35-acre portion of RTA property west of the West Blvd. Cudell Station to Flaherty & Collins Development LLC. This transaction will advance a new residential TOD project now known as the Depot on Detroit.

#### *Justification*

- The Board authorized an Option Agreement in October 2022 to initiate the development and project financing process.
  - The developer successfully secured funding from the State of Ohio and others
- The property sale concludes the option phase in anticipation of a construction start in the 3rd quarter of 2025.
- An affordable residential project at this location is enthusiastically endorsed by the City of Cleveland.
- Proposed sale complies with GCRTA's real estate policies and transit-oriented development objectives.

This project has received support from the City of Cleveland, State of Ohio, Cuyahoga County, local Community Development Organizations and others. The development of a new affordable high density residential community adjacent to our rail station remains a high priority TOD goal and objective. The development process used to advance this project complies with RTA real estate policies.

The development site is not contiguous to the rail station property. Norfolk Southern separates the properties. RTA's Red Line track runs under the NS line to the rail station. RTA, City of Cleveland and County are planning public area improvements to enhance pedestrian access, circulation and safety along Detroit Avenue public right of way at several of the intersections. The final purchase area is slightly smaller than the full parcel size due to boundary modifications to create permanent easement rights across the development parcel for RTA to use when access to the rail line is required.

*Transaction*

- \$150,000 sale price verified by MAI appraisal as fair market value.
- Increased transit ridership through participation in Commuter Advantage.
  - Developer will purchase a monthly pass for tenants
  - Passes will be included in the base rent
- Normal and customary transaction costs are shared by FC and GCRTA.
- Easement rights are retained by GCRTA for future track access.
- FC will purchase existing air rights directly from the City of Cleveland.
  - When RTA was formed in 1975, most of the property acquired were transferred to RTA from CTS. While RTA owns the real property. The City of Cleveland retained the air rights that regulate the future development on most of the parcels.
  - Successful air right transactions include Horizon Education Center at Triskett Station, Aspen Place Apartments at the W. 65<sup>th</sup> Station and sale of Brooklyn Bus Garage.
- FTA concurrence is not required for this sale as there is no federal interest in the development parcel.

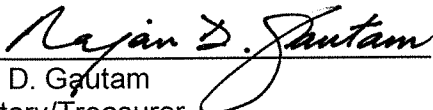
*Recommendation*

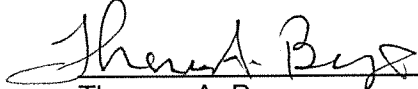
Staff requests that the Audit, Safety Compliance & Real Estate Committee recommend this property sale to Flaherty & Collins Development, LLC to the full Board of Trustees for approval.

Mayor Weiss gave kudos to the staff for this project and other TOD projects. Mr. Rusnov added that the delay to this project was due to challenges the developer faced securing commercial financing. Flaherty & Collins has shown tenacity and due diligence in completing projects.

It was moved by Mayor Weiss, seconded by Ms. Welch and approved to move to the full Board.

The meeting was adjourned at 10:51 a.m.

  
Rajan D. Gautam  
Secretary/Treasurer

  
Theresa A. Burrage  
Executive Assistant