



TODAY: Cool with clouds.
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THE PLAIN DEALER



TUESDAY, MAY 17, 2005

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How to count calories

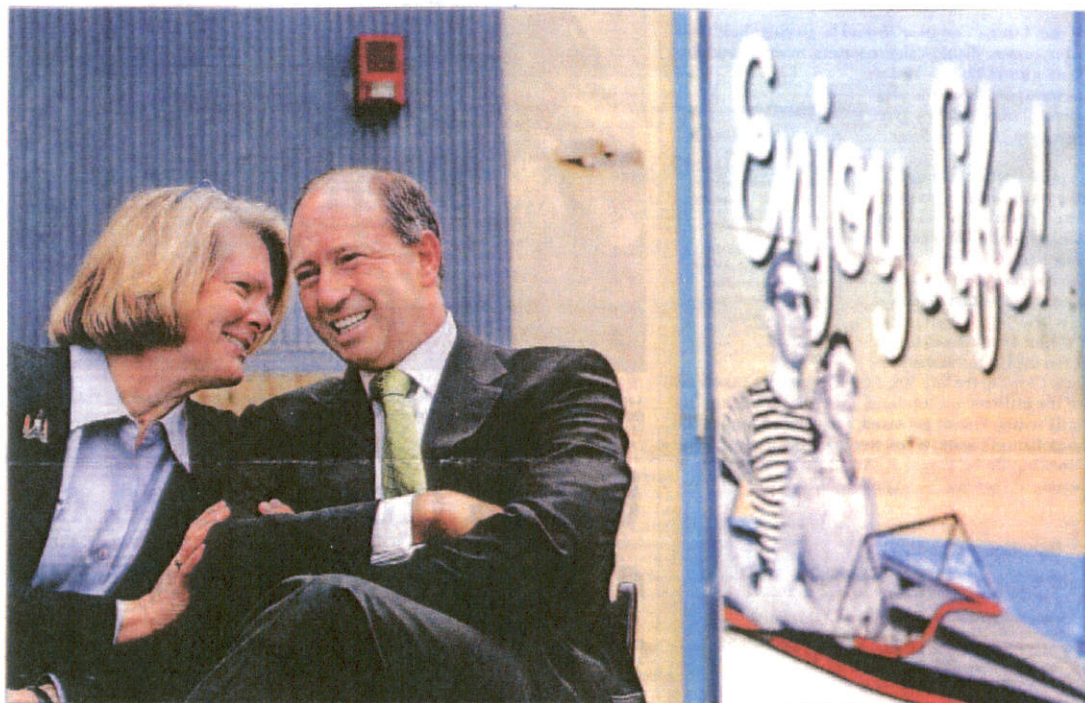
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A new chance for the Flats



DAVID ANDERSON / THE PLAIN DEALER

Mayor Jane Campbell joined developer Scott Wolstein at a news conference Monday in the Flats. Wolstein wants to develop the riverfront area.

A look at the Flats' possible future

Scott Wolstein says his \$225 million redevelopment plan for the east bank of the Flats will create a new neighborhood on par with Little Italy, Shaker Square and Cleveland Heights' Coventry. Demolition of existing east bank buildings is expected to start this fall, and construction is slated for completion in 2009.



14	180	151	255,174	1,733
Acres	Rental residential units	For-sale residential units	Square feet of entertainment and retail space	Planned parking spaces

SOURCE: The Wolstein Group

WILLIAM NEFF / THE PLAIN DEALER

Developer envisions residential, retail mix

CHRISTOPHER MONTGOMERY
Plain Dealer Reporter

It's called the Flats East Bank Neighborhood, and developer Scott Wolstein hopes it becomes Cleveland's next Little Italy. Today's east bank, a ragtag collection of bars and empty buildings, would be leveled and replaced by a pedestrian-friendly, tree-lined quarter of townhouses and apartments, small shops, a riverfront boardwalk, parks and plazas.

On the creaky back patio of the empty Dick's Last Resort — an apt symbol of the east bank's deterioration over the past five years — Wolstein on Monday finally unveiled his plans for the \$225 million development.

"I don't like to talk about it as just a 'project,'" Wolstein said. "This is the creation of a new neighborhood."

Demolition could begin as early as this fall, with comple-

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tion slated for mid-2009. To make it happen, Wolstein has rallied behind him just about every imaginable government office and agency he will need. Many of them, including Mayor Jane Campbell, were in attendance on Monday.

"Today is a real turning point," Campbell said. "We're going to make this happen."

Pieces of the financing puzzle still need to fall into place. But Wolstein and his public-sector supporters are confident that they will have enough funding for the project to proceed this year.

The mixed-use development would dramatically remake the east bank. Old River Road would be redirected away from the Cuyahoga River, allowing the neighborhood to spread unimpeded down to the riverbank.

SEE WOLSTEIN | A8



DAVID LANDERSEN | THE PLAIN DEALER

Developer Scott Wolstein addresses the crowd during a news conference at the closed Dick's Last Resort on the east bank of the Flats, where Wolstein wants to build a \$225 million urban waterfront community with residential, retail and entertainment.

WOLSTEIN

FROM A1

Plan B for the Flats calls for mixed use

New five- and six-story brick buildings — with retail on the ground floor and residential units on top — would cluster around several small parks and a public boardwalk.

The buildings will include 331 housing units and more than 255,000 square feet of space for yet-to-be-named retail and entertainment tenants. Wolstein, chief executive of Beachwood's Developers Diversified Realty Corp., said the new neighborhood will build on the housing and entertainment momentum in the Warehouse District up the hill.

"We want to encourage people from the Warehouse District to take a walk down the hill," he said. "Now, [the hill] is really a wall that signifies where the Warehouse District ends and the slum and blight begins."

For construction to start, the entire infrastructure of the site, including water and sewer systems, needs major improvements. "Everything has to come up," said Peter Spittler, principal of Cleveland's Forum Architects, which is handling design work on the project.

How financing works

- Private investment: \$150 million to \$155 million
- Bonds issued by Cleveland-Cuyahoga County Port Authority: \$45 million to \$50 million
- Public grants: \$20 million to \$25 million
- Total cost: \$215 million to \$230 million**

It's a big job, but one that's going to be relatively light on taxpayers' wallets. More than 65 percent of the cost of the \$225 million project will be borne by Wolstein. And about \$45 million of the remaining \$75 million will come from bonds issued by the Cleveland-Cuyahoga County Port Authority. Public grants will cover the rest.

The bonds will be funded by some combination of tax-increment financing, which reinvests new property tax from development, and revenues from the 1,733 parking spaces planned for the site.

The tax-increment financing would divert half of what Cleveland Municipal School District would normally get from new development. But Wolstein said Cleveland schools CEO Barbara Byrd-Bennett has thrown her support behind the plan. Wolstein said the district's receipts

would dramatically rise once the development is complete.

"[Byrd-Bennett] has been very pragmatic," Wolstein said. "She knows she's going to get more, not less."

The district currently collects about \$220,000 a year from the 14-acre site, but that amount would continue to decline along with property values on the faltering east bank. If nothing was done on the east bank, the school district would collect about \$4 million during the next 30 years, according to the port authority. If Wolstein's plan is completed, the district would collect about \$20 million during that time.

A surprise addition to the plan was the proposed construction of a 450,000-square-foot office building across Front Avenue from the mixed-use development. Wolstein agreed to add the building to the development to try to save more than 1,000 jobs that would be lost if the Pentagon moves ahead with plans to close its Defense Finance and Accounting Service office in downtown Cleveland.

Fred Nance, a lawyer who heads a state-funded lobbying group called the Cleveland Defense Industry Alliance, said the city will argue during the appeals process that the new building would offer lower rents and better technology than the current office.

"This exciting development is one of the hole cards we have to keep these jobs in Cleveland," said Nance, who's managing partner of the Cleveland office of Squire Sanders & Dempsey.

Wolstein will present his plans for the Flats East Bank Neighborhood to Cleveland City Council today.

Councilman Joe Cimperman, whose 13th Ward includes the east bank of the Flats, has said he would like to get legislation for the project through council by June 6.

Deb Janik, vice president of regional development for the port authority, said she would like to have legislation ready by July.

"We'd like to do this right, not rushed," she said.

Among the barriers that could keep the project from moving forward are a handful of property owners who control 20 percent of the proposed site. Wolstein controls the remaining 80 percent. Two of the owners said last week that they want to receive fair offers for their property before they consider moving.

Wolstein said the owners will "get what their property's worth and probably more."

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