

Cleveland may not get Steelyard's tax millions

Big-box retailers receiving
10-year abatements from Ohio

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Two years ago, Cleveland promised to direct \$18 million in property taxes from the controversial Steelyard Commons shopping center to pay for the extension of the Towpath Trail into downtown and to support mom-and-pop shops in nearby neighborhoods.

But now, that promise might not be kept.

City officials said they discovered late last year that Steelyard's developer, Mitchell Schneider, and several big-box retailers locating on the former steel mill site are eligible for a 10-year property tax break, which would take away millions intended for the trail, neighborhood stores and even city schools.

Wal-Mart, scheduled to open in September, already has been approved for the tax break by the state. Home Depot, which opened last week, has applied for it. Target, set to open in four weeks, is also eligible.

Schneider, who still owns about 60 percent of the land, said he has not yet applied for the tax break and will work to find a way to direct the taxes on his property to the city. Schneider and Ken Silliman, Mayor Frank Jackson's chief of staff, said they also will try to persuade Wal-Mart and the others to give up the tax break.

"There's certainly no guarantee that we can get them to do [that]," Schneider said. "That's the million-dollar question."

Trail supporters are counting on the money to help finish the final six miles from Harvard Road to downtown Cleveland.

The state automatically grants the 10-year tax break to a property owner who successfully completes a voluntary environmental cleanup on his site and receives a document called a Covenant Not to Sue.

Steelyard Commons

Developer: Mitchell Schneider, president of First Interstate Properties Ltd.

Phase one

■ The 130,000-square-foot Home Depot opened Feb. 1.

■ By fall, the \$120 million project will have a half-dozen big-box retailers, from a 124,000-square-foot Target store to a 217,000-square-foot Wal-Mart Supercenter.

Phase two

■ Schneider is wooing department stores, warehouse stores and bookstores to locate in the fall of 2008.

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**"We've got to find
a way to make this work."**

Joe Cimperman,
Cleveland city councilman

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The document protects the property owner from legal action by the state if an environmental problem is discovered later.

Schneider said he needs this legal protection to secure bank and other loans to develop the former industrial site.

He said he did not know that the Covenant Not to Sue would result in a tax break when he told the city about his plan to participate in the voluntary cleanup program in late 2005.

Greg Huth, the city's economic development director at the time under former Mayor Jane Campbell, declined comment through a spokeswoman Wednesday because he now works for the law firm that rep-

resents Schneider.

City Councilman Joe Cimperman, who represents the neighborhood that includes Steelyard, said the city needs the tax money.

"We've got to find a way to make this work," he said.

Schneider said a new law that takes effect next month could help him direct his portion of the taxes to the city. The law allows a property owner to voluntarily give up his tax break.

Tim Donovan, director of the Ohio Canal Corridor and a champion of extending the Towpath Trail, could not be reached Wednesday.

Colleen Guilson, who heads the citywide neighborhood group that pushed for Steelyard taxes to help local mom-and-pop shops, said she was unaware of the problem and planned to talk to city officials about it.

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