21000 Brookpark Road
Proposed Redevelopment of former NASA Development Engineering Offices

Project Overview

The former NASA Development Engineering complex at 21000 Brookpark Road includes two existing buildings on an 8.7 acre site. The larger of the two buildings, commonly referred to as the 'K Building,' is three stories plus a basement and houses approximately 167,000 square feet of gross area. The smaller building, known as the 'L Building,' is four stories and houses approximately 43,000 square feet, for a total of 210,000 square feet of building area currently on the site. Both buildings were originally constructed by NASA and first occupied in 1964, serving as office space for the agency until being closed in 2010 and sold to a private owner. Employment at the complex declined steadily for several years prior to its closing, and both buildings have remained 100% vacant ever since.

After extensive efforts to market the property to new office tenants failed to generate any interest, the owners began exploring alternative options for its redevelopment and reuse. In partnership with Ceres Enterprises, an experienced and accomplished real estate development and management company based in Westlake, Ohio, the owners are now proposing to rehabilitate the existing buildings to create an innovative and exciting mixed-use project. The proposed development seeks to capitalize on the property's scenic vistas overlooking the Rocky River valley, access to Cleveland Metroparks amenities, and the connectivity offered by multiple adjacent highways and proximity to Cleveland Hopkins International Airport.

The K Building will be converted to house 100 market-rate apartments with high-quality finishes and amenities, intended to attract young professionals and downsizing empty-nesters. The building's original auditorium will be modified to create a state-of-the-art space for large meetings and events, and the first floor will also include offices and conference rooms for residents and hotel guests who need space available on-demand to host business meetings. A new swimming pool in a glass enclosure will be constructed in an existing outdoor courtyard, and many apartments will include private balconies and patios, with additional site amenities to stimulate outdoor living and interaction.

The L Building will be transformed into a 59-room boutique hotel, designed to celebrate the site's significant historical connections to our nation's space program, and with access to many of the amenities provided for apartment residents. A new three-story building is also planned adjacent to the L Building, to house a restaurant on the first floor and additional hotel rooms on the upper levels, as well as a roof deck and ground-level patio for outdoor dining overlooking the Rocky River valley.

The proposed project represents a $40 million investment in a vacant and underutilized property, returning it to productive use and generating substantial new tax revenue for the City of Fairview Park. As indicated in the application for real property tax exemption, operation of the hotel and apartments will create 20 new full-time jobs and approximately $450,000 in annual payroll. The 100 apartments are also expected to attract approximately 150 residents, with annual incomes of $55,000 and higher, generating additional income tax revenue for the City. The City will also benefit from new bed taxes and sales taxes generated by the hotel and restaurant.

The project's substantial economic and community benefits more than justify the requested exemption from new real property taxes for the first seven years of operation. The property was completely exempt from real property taxes until 2014, and the current taxes will not be affected by the requested exemption, so there will be no negative impact on the City's past or present real property tax receipts. Although once a significant generator of income taxes, the property has been completely vacant for over six years and had declining employment for several years prior. As indicated above, there is no real potential for significant future office employment at the site, and without a major transformation, the property is likely to remain unused or severely underutilized.

The proposed redevelopment project is not economically viable without the requested real property tax exemption. Projected funding sources include $7 million in owner equity, and approximately $9 million in historic tax credit equity*, with the remaining $24 million generated though loans and other sources. To support these investments, the project must demonstrate sufficient net income to cover repayment and interest. For a large scale and transformative project of this nature, income margins are especially tight in the early years of operations while occupancy and reputation are still growing. Without the exemption, the sizable increase in property taxes expected immediately upon completion would cut further into the project's net income and therefore limit the dollars available to realize the project.

*Note: As indicated above, the project is expected to generate approximately $9 million in equity through federal and state historic tax credits. Although the tax credits are offered by the state and federal government as an incentive to investment, the actual project funds come entirely from private investors who become partners in the ownership. Only after the project is completed and occupied, can the investors utilize the tax benefits of the credits, and they must remain in the ownership for a minimum of five years after project completion. Because they an only a tool to incentivize private investment and not a direct investment of public dollars, historic tax credits are generally not considered 'public financing' and are treated entirely differently than grants or other true public funding sources.