



# Debt and Equity Market Updates

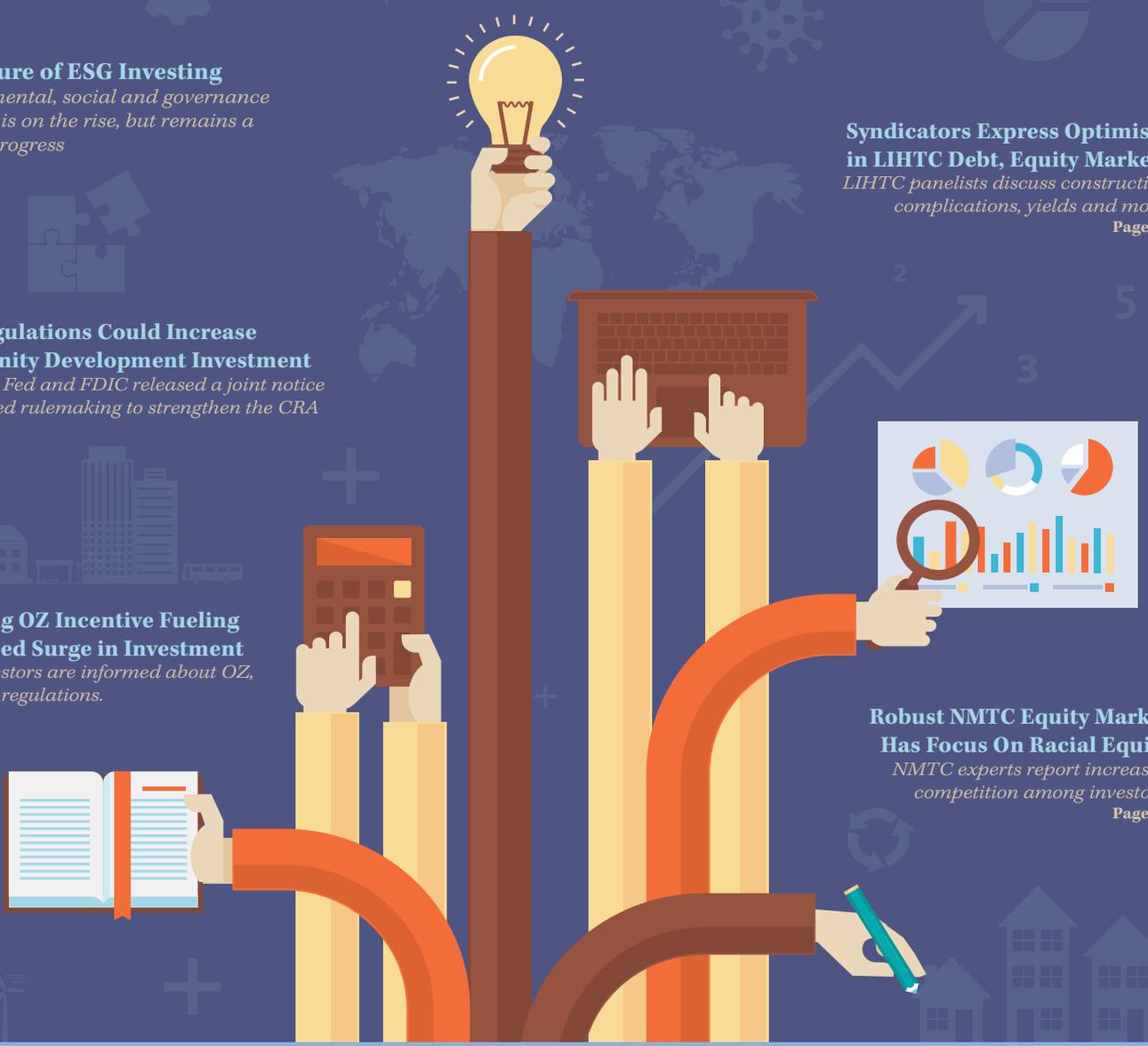
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# CrossCountry Mortgage Nears Completion on New Cleveland Headquarters Campus

TERESA GARCIA, SENIOR MARKETING MANAGER, NOVOGRADAC

“They don’t make buildings like this anymore—historic buildings inspire creativity and entrepreneurial thoughts,” said Rich Morehouse, an attorney and partner at Ohio-based law firm Kohrman Jackson & Krantz LLP, as he described the grand factory across the street from his old office.

Morehouse used to look at the building and think about its potential for adaptive reuse, given the right investment and a little imagination. Now he’s part of the legal counsel team helping national retail mortgage lender CrossCountry Mortgage LLC renovate the building into CrossCountry Mortgage’s new headquarters.

“We are the quintessential Cleveland story—we have built this business from the ground up through hard work and a shared commitment to make the mortgage process easy, stress-free and rewarding,” said CrossCountry Mortgage’s founder and CEO, Ronald Leonhardt Jr. in a press release. “Like the tens of thousands of customers we help serve each year, we can’t wait to move into our new home, located in an exciting and culturally rich neighborhood that has played a vital role in Cleveland’s history.”

Financing for the development includes \$6.5 million in historic tax credits, an \$8.6 million transformational mixed-use tax credit from the state of Ohio, \$2 million in tax incentives from the Cleveland city council and \$1.1 million in job creation credits. CrossCountry Mortgage will move in this summer from its current location in Brecksville, Ohio, just 17 miles south of Cleveland. As part of a master plan, three buildings adjacent to the new CrossCountry Mortgage headquarters will also be developed in future

phases into mixed-use residential apartments with a courtyard, co-working space, a fitness center and a restaurant.

## Textile Manufacturing

The headquarters building is at 2152-60 Superior Avenue, near the Cleveland State University campus, and is a contributing resource to the historic Superior Avenue Historic District. The property consists of a four-story factory building connected by an annex to a one-story warehouse. For decades the building bore on its façade faded letters marketing “vogue suits” and other textile goods, a reminder of its former life as a major player in Cleveland’s historic garment district. The so-called ghost signage will be preserved as the building undergoes redevelopment.

The factory building was constructed in 1912 for textile production and had many tenants over the years. The Chilcote Company, known for producing photo mounts in Cleveland since 1906, began leasing space in the building in the 1950s, becoming the sole occupant by 1991. The Chilcote Company became Tap Packaging Solutions in 2010 and sold the buildings to developers affiliated with CrossCountry Mortgage in 2018.

## Updates for the Next Century

After acquisition, CrossCountry Mortgage made plans to convert the 168,000-square-foot building into

modern office space, while maintaining its historic character.

One of the most important historic features that were preserved on the building is its brick façade, which had darkened over the years. “It has over a century of carbon and pollution buildup from factories that populated that part of the city,” said Nick Kraus, vice president of Heritage Consulting Group, which provided HTC consulting services to the development. “We were able to clean the brick and it’s a really beautiful red color.”

Another accomplishment under the historic preservation work was updating the building’s windows. Kraus said the building had nonoriginal windows, so the preservation team replaced them with nearly 160 custom windows that matched the originals.

The interior of the building will be fully renovated as part of the adaptive reuse, but many historic elements are being preserved. “The work really embraces that character, keeping brick walls exposed, keeping

concrete ceilings exposed and columns exposed,” said Kraus. “It’s really being able to take advantage of the open spaces and industrial finishes.”

One of the challenges of converting the warehouse into office space was updating the HVAC system to provide proper levels of heating, cooling and fresh air while keeping the new air ducts far enough away from the windows to meet historic preservation standards.

Once completed, the office building will feature a 7,100-square-foot common room with an atrium. Amenities will include a conference center, food pantry, commercial kitchen and a gym. In homage to the neighborhood’s reputation as an artistic community, CrossCountry Mortgage also launched a year-long art competition through which local artists could exhibit their work in the headquarters.

“I think what’s really neat is that CrossCountry Mortgage is returning the building to this neighborhood and making this project happen,” said Kraus. “This is going to be catalytic to surrounding neighborhoods.” ❖

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