



Crowne Plaza emerges as flag for Cleveland Athletic Club project, but deal far from done



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CLEVELAND, Ohio -- The Crowne Plaza brand might return to downtown Cleveland, as long-discussed renovation plans inch forward at the old Cleveland Athletic Club building on Euclid Avenue.

The \$55 million redevelopment deal is far from done.

But hospitality company [Dellisart LLC](#) generated buzz Monday, when it [announced](#) that it won a management contract to run a 194-room Crowne Plaza hotel in the empty building at 1118-1148 Euclid Ave. Reached by phone Monday, Douglas Artusio, the chief executive officer of the Georgia-based company, declined to comment.

Ned Weingart, a local real estate investor, has been trying to buy and remake the Cleveland Athletic Club building [since 2009](#). Last year, he found a partner in [Whitestone Realty Capital LLC](#), a New York development and consulting group that brought financial contacts and hotel experience to the deal. In interviews this week, Weingart and Mike Zukerman of Whitestone said they hope to buy the 15-story building in April or May.

"We've put up some real money, and this is a real contract," Zukerman, Whitestone's chief executive, said of the deal. "We have all the rest of the money, the equity and the tax credits. We don't have the debt yet, but we have two strong indications" of interest from construction lenders.

In 2007, the building won [state tax credits for historic preservation](#). But the original plan, an apartment development proposed by local investor Eli Mann and his partners, [never materialized](#). And the credits, which developers don't receive until a project is done, were set to expire in April.

The Ohio Development Services Agency, which runs the tax credit program, is working with Weingart and Whitestone. The department agreed to extend the life of the credits, but the developers must buy the building, secure financing and start construction by mid-August. The state expects the project to be finished by late 2014.

Weingart said any announcement about the deal is "a little premature." He acknowledged that Whitestone recently brought in Dellisart as the hotel operator and changed the flag from a Holiday Inn to a Crowne Plaza.

The Crowne Plaza name disappeared from downtown in 2011, when Optima Ventures and Sage Hospitality [bought and closed](#) the Crowne Plaza Cleveland City Centre at 777 St. Clair Ave. That property is scheduled to reopen as a Westin next year, after a \$64 million overhaul.

In addition to a hotel, the Cleveland Athletic Club building could house apartments and a fitness center. Early on, Weingart hoped to revive the athletic club, a century-old institution that [closed in 2007](#). But lenders balked at financing a deal with a private club. So the developers cut the size of the workout facility and allocated more space to apartments and hotel rooms.

"It's a strategic historic building, and we are hoping that these hotel deals include housing and mixed uses," said Tom Yablonsky, who leads the Historic Gateway Neighborhood Corp. and has been monitoring several projects in the area. "We think Euclid Avenue basically from East Fourth Street and the Arcade out to the Wyndham is emerging as the hospitality corridor, for when we have the new convention center and medical mart."

Apartments, restaurants, new offices and the occasional retailer have popped up along Euclid during the last few years, thanks to a dramatic reinvention of the road and federal and state tax credits that help developers restore historic buildings. But the stretch of Euclid between East Ninth and East 12th streets remains desolate, a dark patch between the bright lights of the East Fourth Street neighborhood and PlayhouseSquare.

At least three major properties -- the Cleveland Athletic Club building on the south side, the [John Hartness Brown](#) complex to the north and the [Schofield Building](#) at East Ninth and Euclid -- are slated for hotels. But all three projects hit financial road blocks, coming out of a recession that hammered hospitality and made loans scarce.

CRM Real Estate Services, a Cleveland developer, still hopes to bring a Kimpton hotel and apartments to the historic Schofield property. And a group of investors in New York, California and Colorado aims to open a Le Meridien hotel, an upscale brand, in the long-empty John Hartness Brown Building, at 1001-1021 Euclid Ave.

If the Cleveland Athletic Club building finally changes hands, the deal would clean up more than a dead section of downtown. Real estate records show CAC Buildings Properties LLC, the ownership group Mann and his partners put together, owes more than \$840,000 worth of property taxes, interest and fees -- with delinquencies dating back to 2007. Mann did not respond to a request for comment.

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