

Mayor Bibb's

STRATEGY FOR CLEVELAND'S SOUTHEAST SIDE

A comprehensive plan to combat concentrated disinvestment in the neighborhoods of the southeast side of Cleveland, because residents deserve to live in a safe, equitable, vibrant neighborhood of choice.

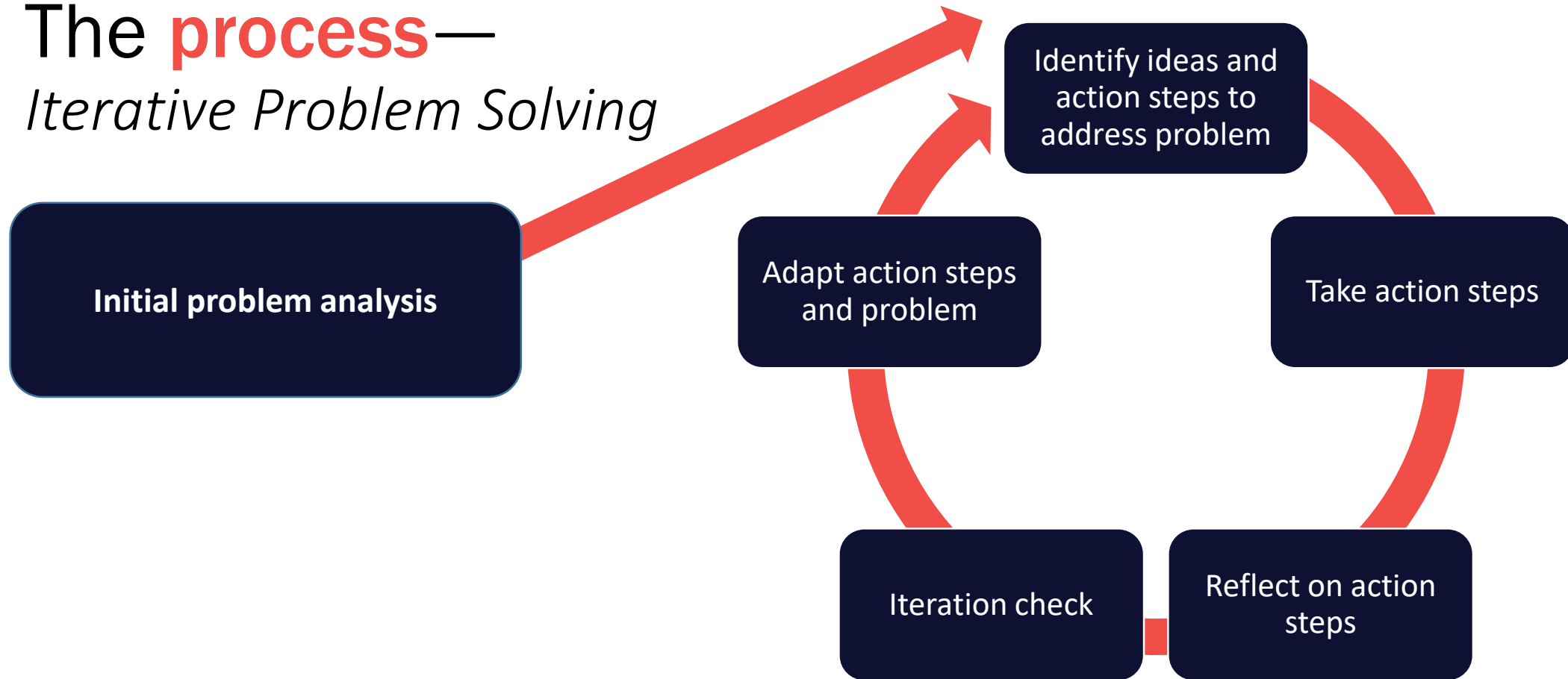


CITY OF CLEVELAND
Mayor Justin M. Bibb

Background

- **Eight representatives** of the City
 - Participated in intensive weekly 2.5 hour workshops in Jan. and Feb.
 - Traveled to NYC to participate in a weeklong *Bloomberg Harvard City Leadership Initiative* summit with 9 other global cities
 - Engaged with 40+ local leaders and over 100 stakeholders to gain feedback on the nature of the problem and approach to the work
- Goals of the work:
 - Clearly **define the problem**, break it down into smaller pieces, and identify the best “**entry points**” to start
 - Kick-start us into **action**
 - Develop tools to support of **constant iteration and learning**
 - Launch into deeper **community engagement**
- This is iterative; we want input along the way and we need everyone’s help to move the work forward

The **process**— *Iterative Problem Solving*



We must take small steps – test them, learn, and iterate.

The work will not be successful without engagement, feedback, and iteration. But perfect cannot be the enemy of the good.

Southeast Side **Neighborhoods are...**



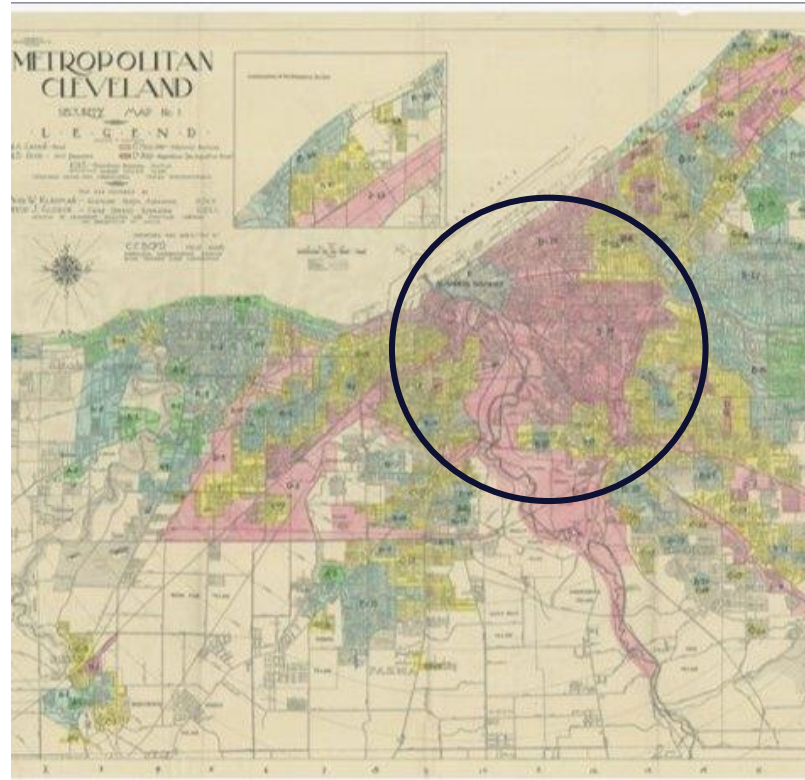
Communities with rich historic legacy and deeply engaged residents who are full of pride in their neighborhoods

Neighborhoods that have been ignored and disinvested- they haven't gotten the care they deserve from public and private sectors

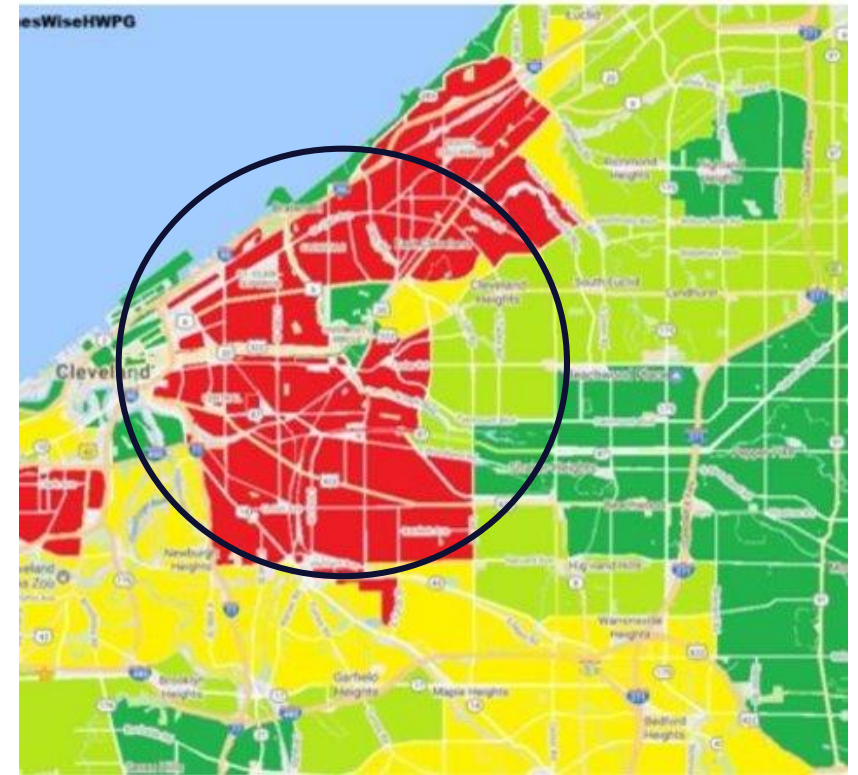


Visualizing Disinvestment

HISTORIC CONTEXT



A MAP OF REDLINED NEIGHBORHOODS
IN CLEVELAND IN 1920



IMPACTS OF REDLINING CONTINUE
TODAY

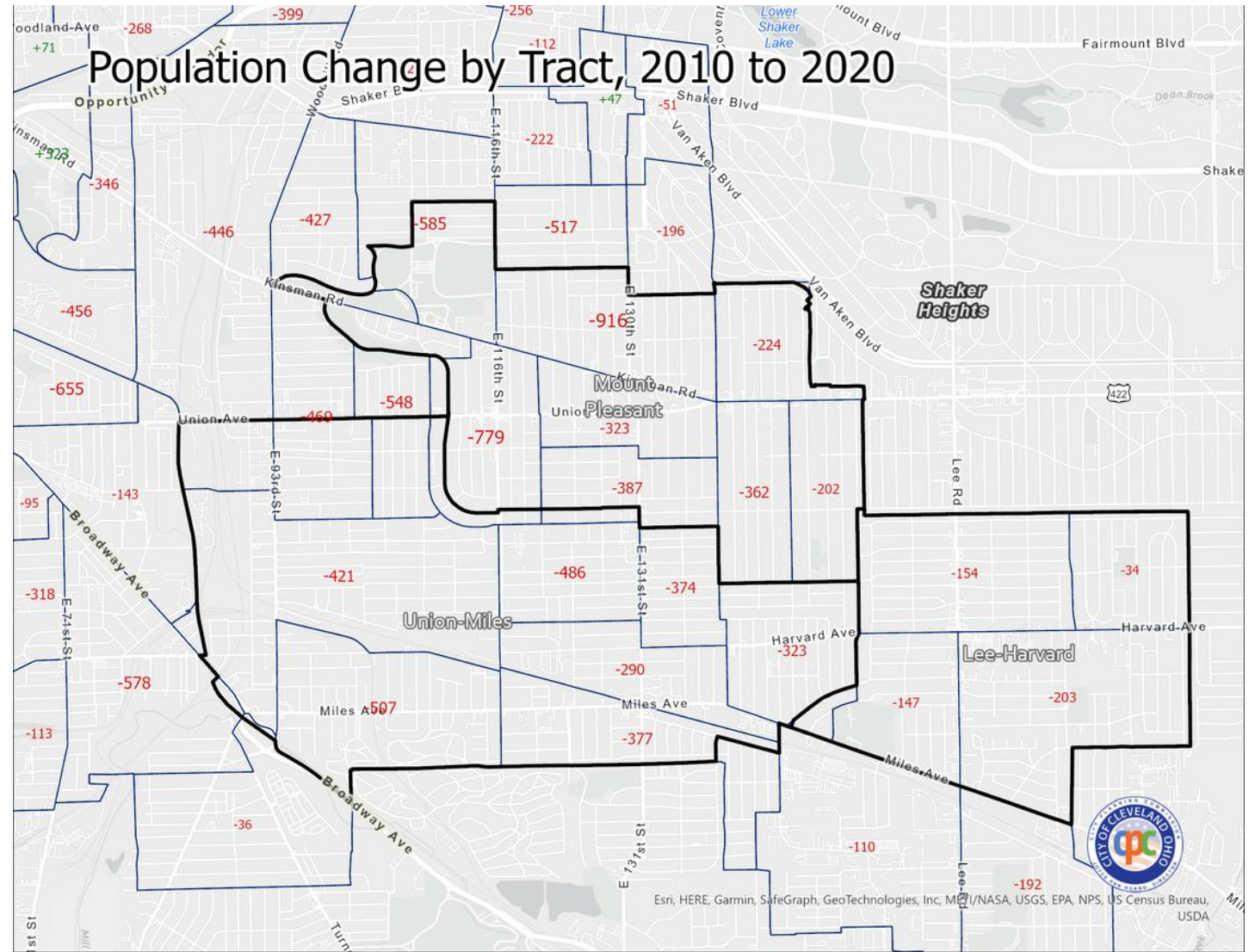
Mayor Bibb's **SE SIDE STRATEGY**

Visualizing Disinvestment

POPULATION LOSS

From 2010-2020:

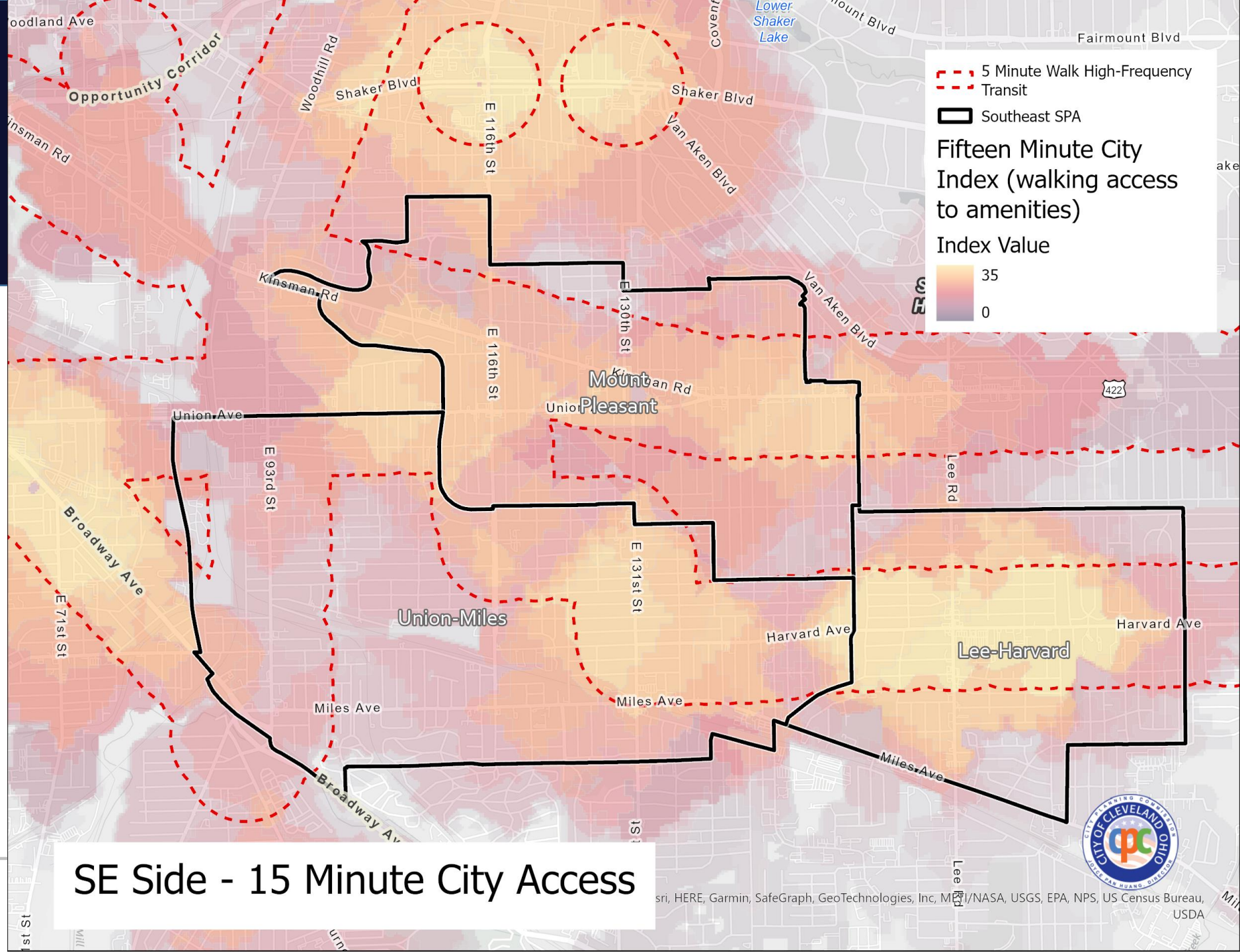
- Cleveland's Southeast side saw a 13.5% decline in population (8,616 residents), more than double the loss of the City overall
- The current population of the Southeast side is around 55,000, with over 90% of residents identifying as Black.



Southeast Side Geography

Neighborhoods of Focus: Lee-Harvard, Union-Miles, Mount Pleasant

Wards: 1, 2 & 4



Our Mission—

REINVESTING IN CLEVELAND'S EAST SIDE

We will tackle concentrated disinvestment in the neighborhoods of the southeast side of Cleveland **because residents deserve** to live in a safe, equitable, vibrant neighborhood of choice.

Drivers in this cycle of disinvestment – WHY?

REINVESTING IN CLEVELAND'S SOUTHEAST SIDE

- Resident attrition
- Lack of resident resources
- Limited public sector attention
- Lack of quality housing
- High rates of business closures
- Private investment is too risky
- Real and perceived crime/safety concerns
- Blight
- Limited support by financial institutions and philanthropy

Our Plan.

Address Blight and Deterioration

We will define and target micro-geographies to employ demolition, home repair, home rehab, code enforcement, and clean-up activities

Increase Quality Housing and Homeownership

We will focus on home repair and rehab within micro-geographies, with the intent of keeping people in their homes

Change the Narrative

We will create a public campaign that builds on neighborhood pride and seeks to bring additional investment.

Community Partnerships

We will leverage our political power and partnerships to convene and align investment and resources across private, philanthropic, and non-profit institutions.

Public Sector Commitment

We will mobilize the power and full support of the City Administration behind the plan.

Key considerations in our **equitable approach**

**Proactively collaborating with
community partners**

**Considering life-cycle
investments (long term residents,
newcomers, seniors/aging in
place, renters, owners, families)**

**Utilizing qualitative and
quantitative data to make
informed decisions**

**How our work will impact
and benefit the Middle class**

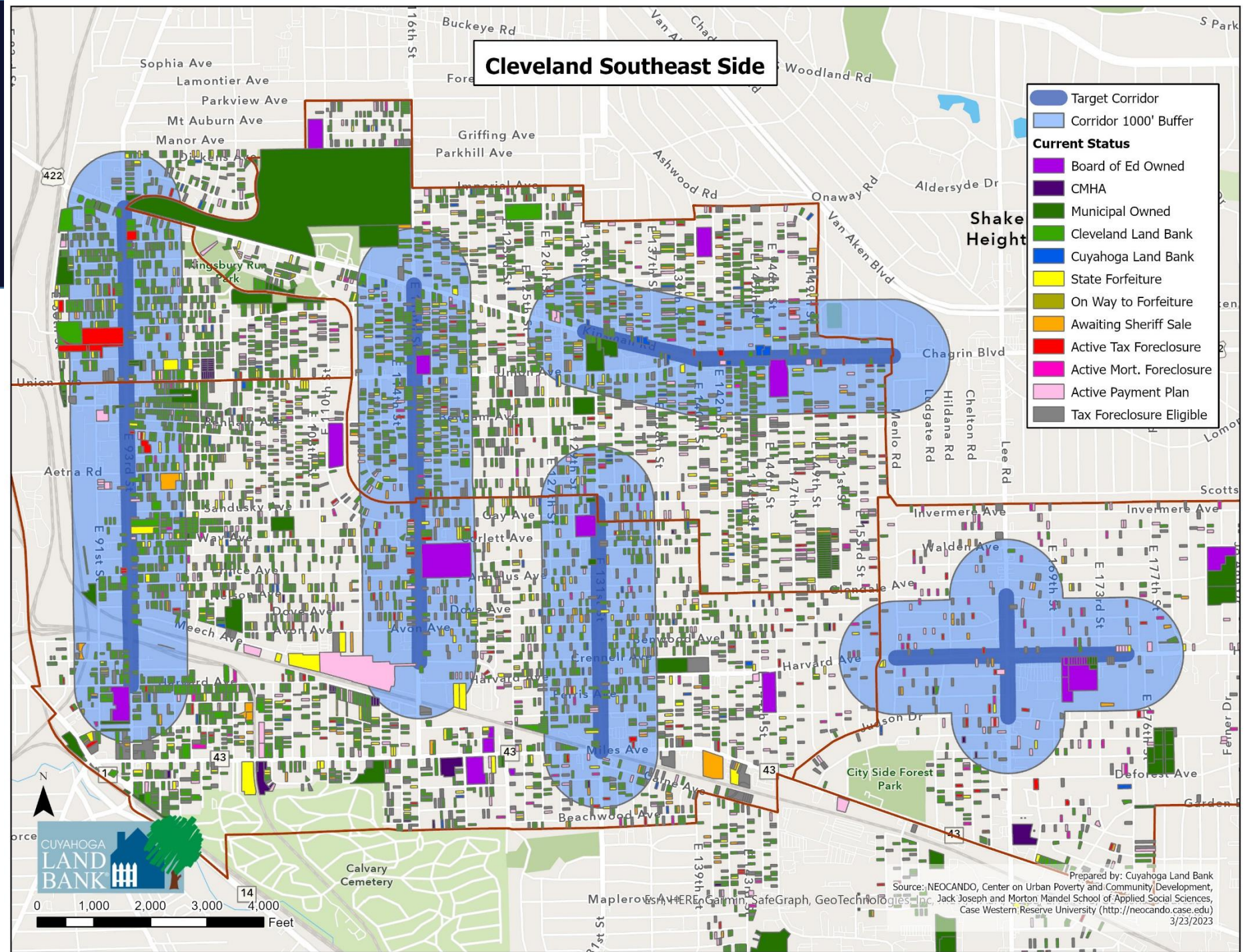
**Introducing wealth-creation
opportunities**

**Investing without
displacement**

Targeting investment in these neighborhoods will lift the whole city

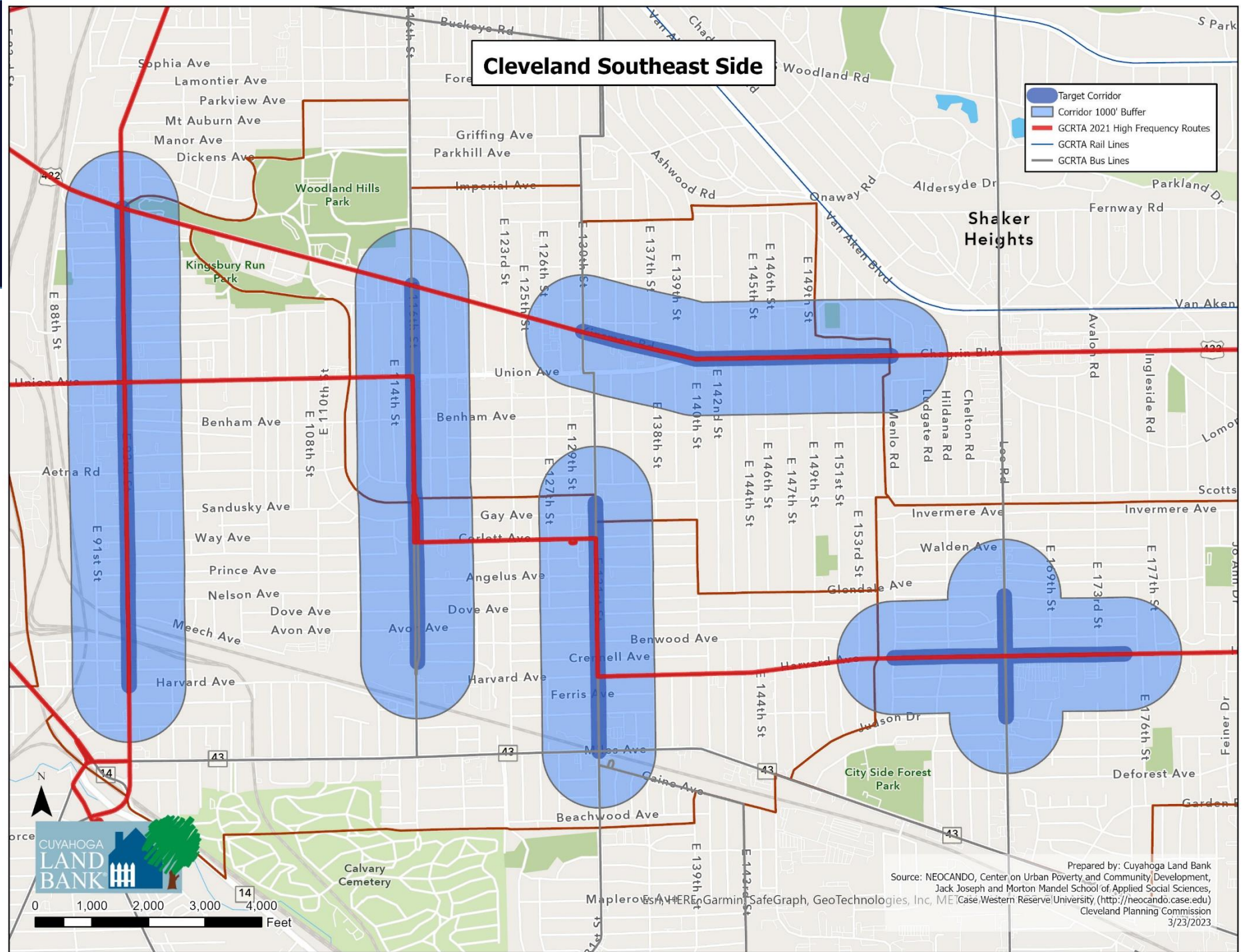
SE Side Proposed Target Micro Geographies

Overview



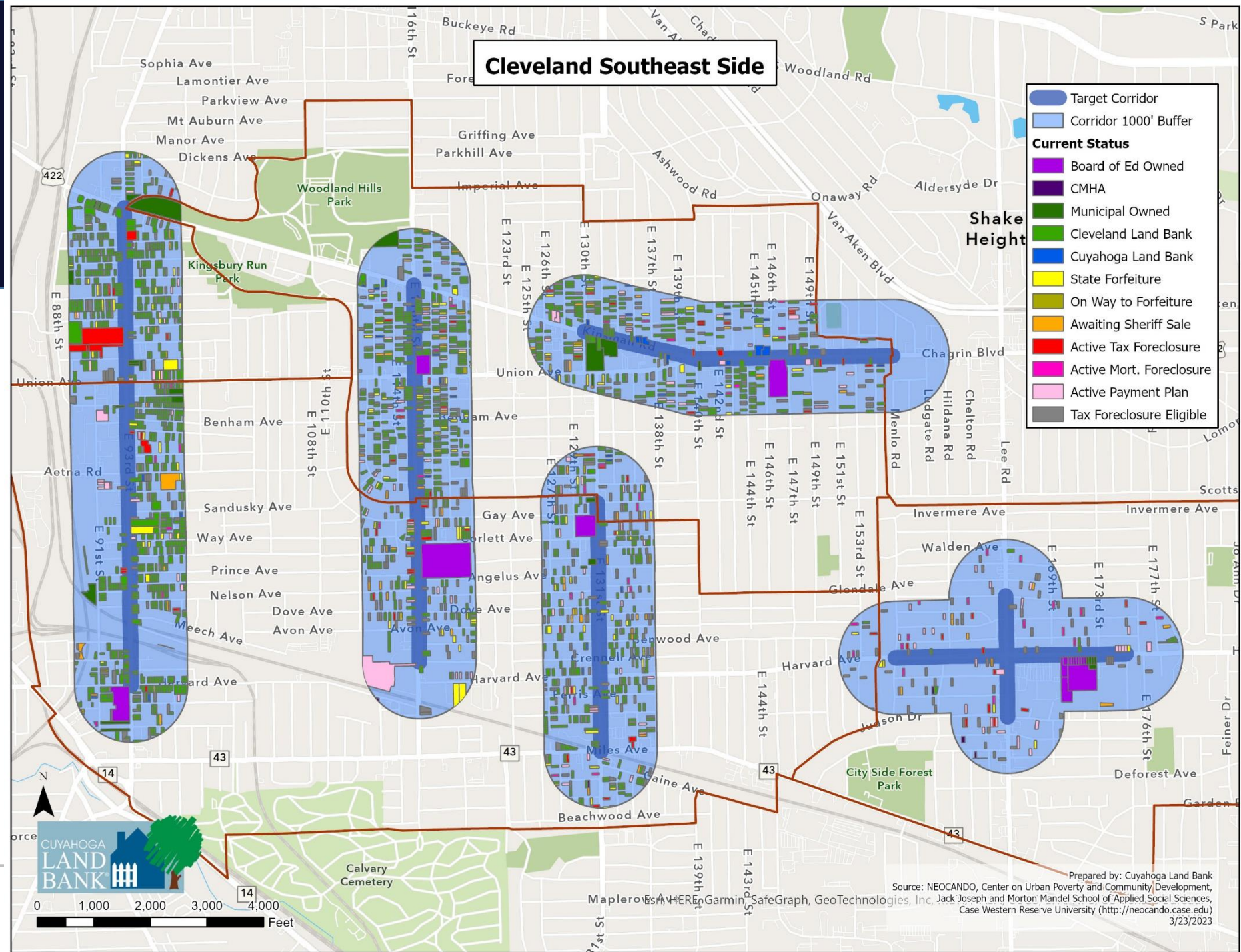
SE Side Proposed Target Micro Geographies

Transit Corridors



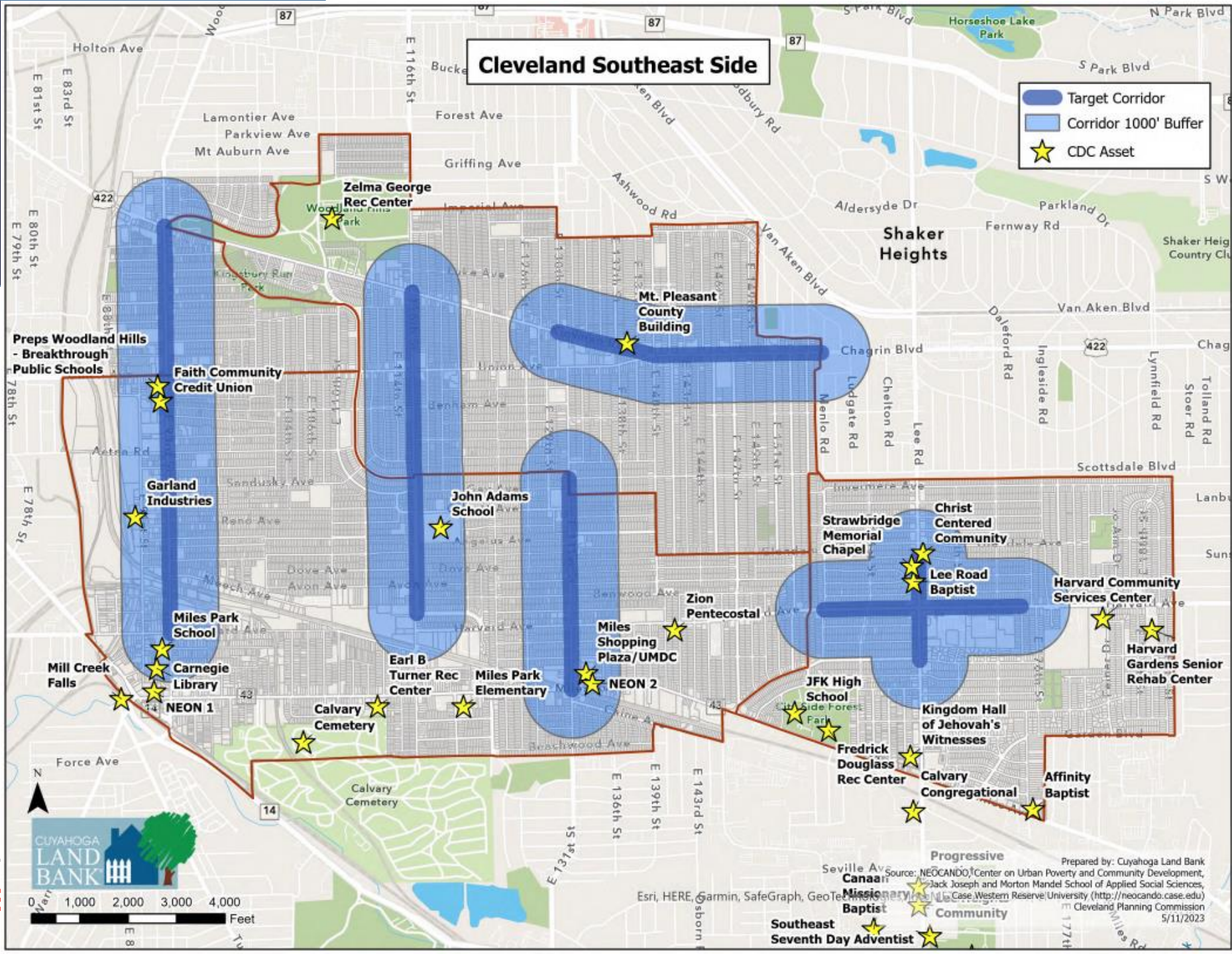
SE Side Proposed Target Micro Geographies

Pipeline



SE Side Proposed Target Micro Geographies

Community Assets



Mayor Bibb's SE SIDE STRATE

Near Term Actions

REINVESTING IN CLEVELAND'S SOUTHEAST SIDE

- **Clean-up surge-** Kinsman Road & Lee-Harvard
- Habitat for Humanity **home construction**
- **Lee Road** plan
- **Expedited Land Bank Application** process for target geography
- RFP for **priority development** areas
- **\$15 million** ARPA investment in Southeast Side
- “Back to Basics” **Infrastructure** ARPA \$20M
- Brookings “Buy Back the Block”

ARPA Investment

REINVESTING IN CLEVELAND'S SOUTHEAST SIDE

Rationale for Targeted Investment

- We have to start somewhere
- Data points to these neighborhoods
- Focused resources in a smaller area will have a greater impact than being spread across the City
- Learnings from this effort will be applicable across the City
- Large concentration of City owned land
- Mix of opportunity and middle neighborhoods
- Investments here will benefit the entire east side (and City)

Commercial Corridors

\$5M to revitalize key strategic commercial corridors

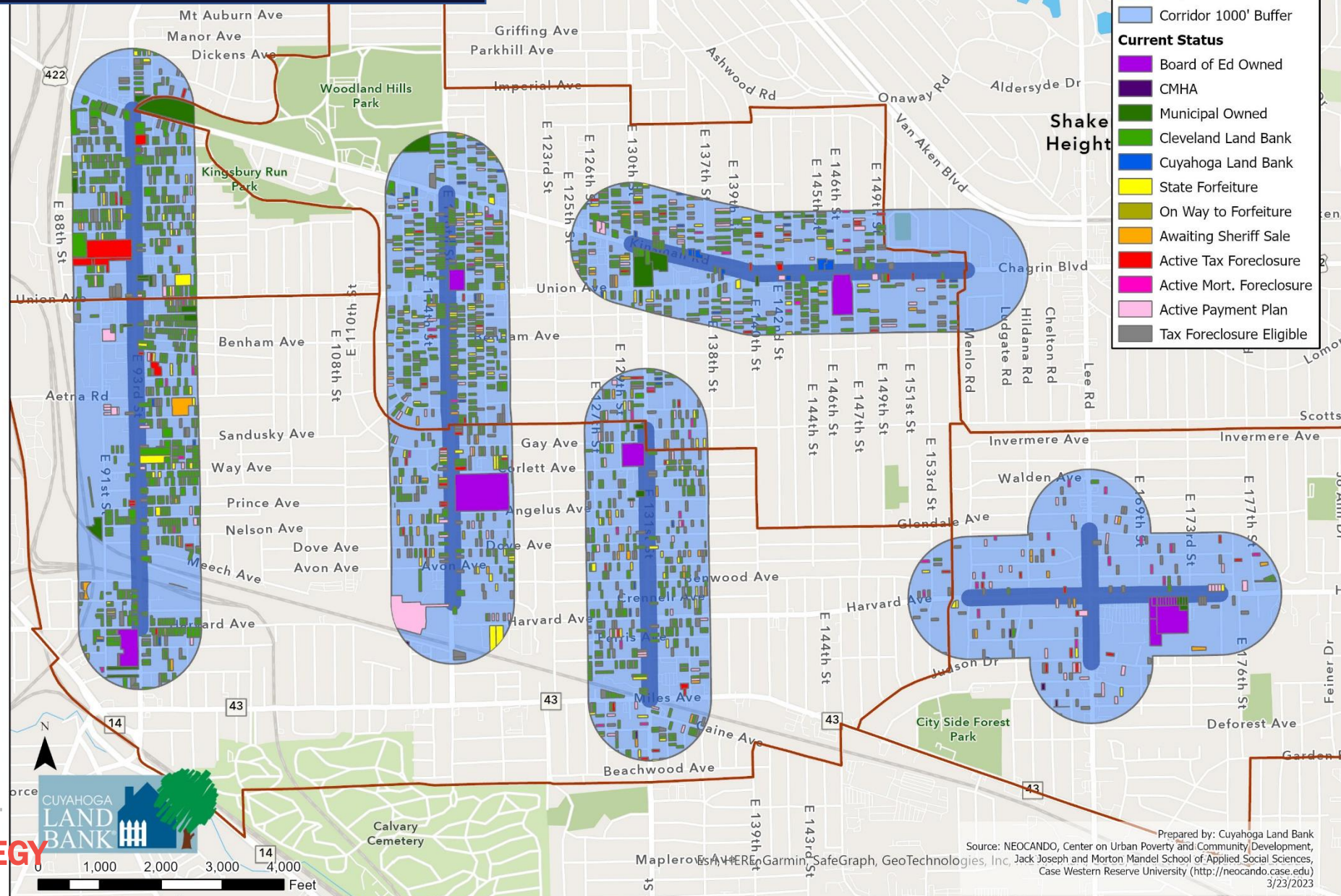
Goals: stabilize surrounding neighborhoods, provide quality-of-life improvements for nearby community members, attract additional investment



Commercial Corridors

5 Key Corridors for Investment

Cleveland Southeast Side



Mayor Bibb's **SE SIDE STRATEGY**



Map rendered by HERE, Garmin, SafeGraph, GeoTechnologies, Inc, Jack Joseph and Morton Mandel School of Applied Social Sciences, Case Western Reserve University (<http://neocando.case.edu>)
 Prepared by: Cuyahoga Land Bank
 Source: NEOCANDO, Center on Urban Poverty and Community Development,
 3/23/2023

Commercial Corridor Actions

City will design several specific programs to revitalize commercial corridors

- Administered by Department of Economic Development
- Marketed by Entrepreneur in Residence, Senior Strategist for the Southeast Side, and partner CDCs

**Retail White Boxing
Recoverable Grant**

**Strategic
Acquisition Loans**

**Commercial
Corridors
Strengthened
and Revitalized**

**Tenant Buildout &
Storefront
Renovation Grants**

**Public Realm
Grants**

Commercial Corridor Actions

Retail White Boxing Recoverable Grant

- Recoverable grant program for property owners to “white box” vacant ground floor retail spaces to make them tenant ready. Prepares space for tenant to add their own furniture, fixtures, and décor.
 - Adding functioning HVAC
 - Mechanicals
 - Lighting
 - Ceiling & walls
 - Restrooms
- Program will engage property owners to activate, upgrade/prepare commercial retail space for immediate occupancy or lease in targeted commercial areas
- Grants up to \$25K with at least 1:1 match

Tenant Buildout and Storefront Renovation Grants

- Recoverable grants up to \$50K to cover storefront renovation, space buildout, or equipment for small businesses to occupy storefronts in key commercial corridors
 - Grants will require a 25% equity match

Commercial Corridor Actions

Strategic Acquisition Loans

- Patient loan pool for nonprofits to acquire strategic properties in key commercial corridors for immediate redevelopment or land banking for strategic redevelopment
- Eligible projects will be owned by a nonprofit or joint venture with a nonprofit partner
- Minimum 1:1 match from applicant and long-term, low-interest loans without an immediate job creation requirement
- Anticipated loans of \$100K - \$250K will have eligible uses for acquisition, holding costs, and predevelopment

Public Realm Grants

- Matching grants of \$50K for businesses or nonprofits to invest in visible exterior improvements including:
 - Murals
 - Parklets
 - Trees & landscaping
 - Benches
 - Streetscapes
 - Decorative lighting
 - Hardscape
 - Transit Waiting Environments
- Grants go beyond storefront renovation and into the public realm to focus on areas between or adjacent to buildings
- Larger grants will be considered for broader corridor strategies across full corridors

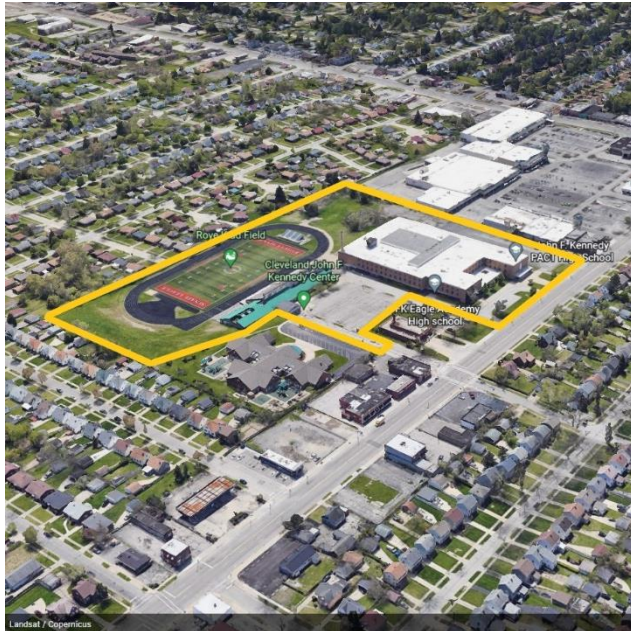
Commercial Corridor Actions

Breakdown

- 40 Retail White Boxing Grants @ \$25K = \$1M
- 40 Storefront Grants @ \$50K = \$2M
- 8 Acquisition Loans at an average of \$175K = \$1.4M
- 12 Public Realm Grants @ \$50K = \$600K

Catalytic Redevelopment

Problem: Although there are many vacant sites in Southeast Side neighborhoods, the sites are not shovel-ready, construction gaps are large, and the market is not yet attracting private investment.



Catalytic Redevelopment

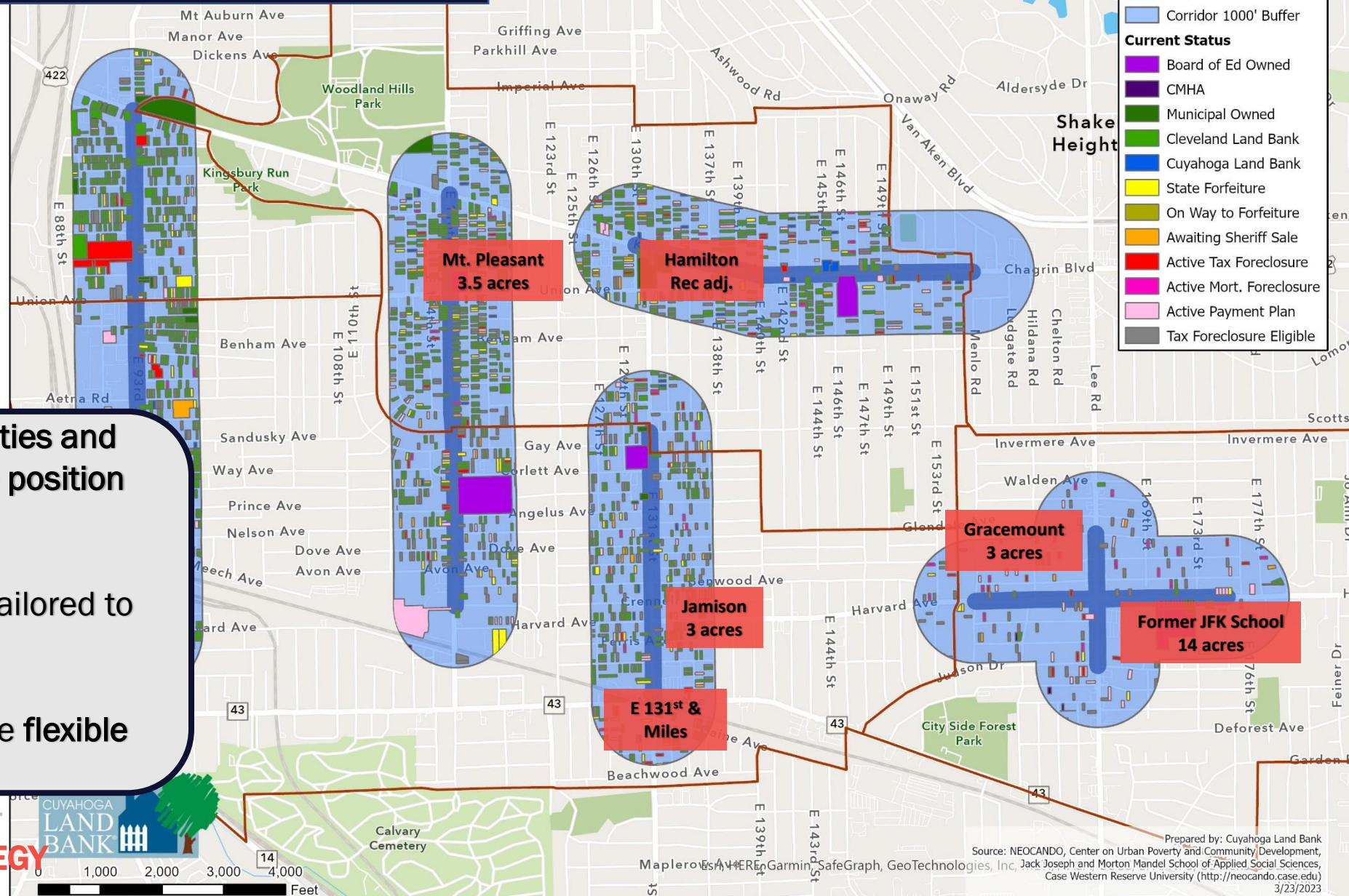
\$5M to spur catalytic redevelopment on key sites

Following is a menu of activities and incentives that we will use to position sites.

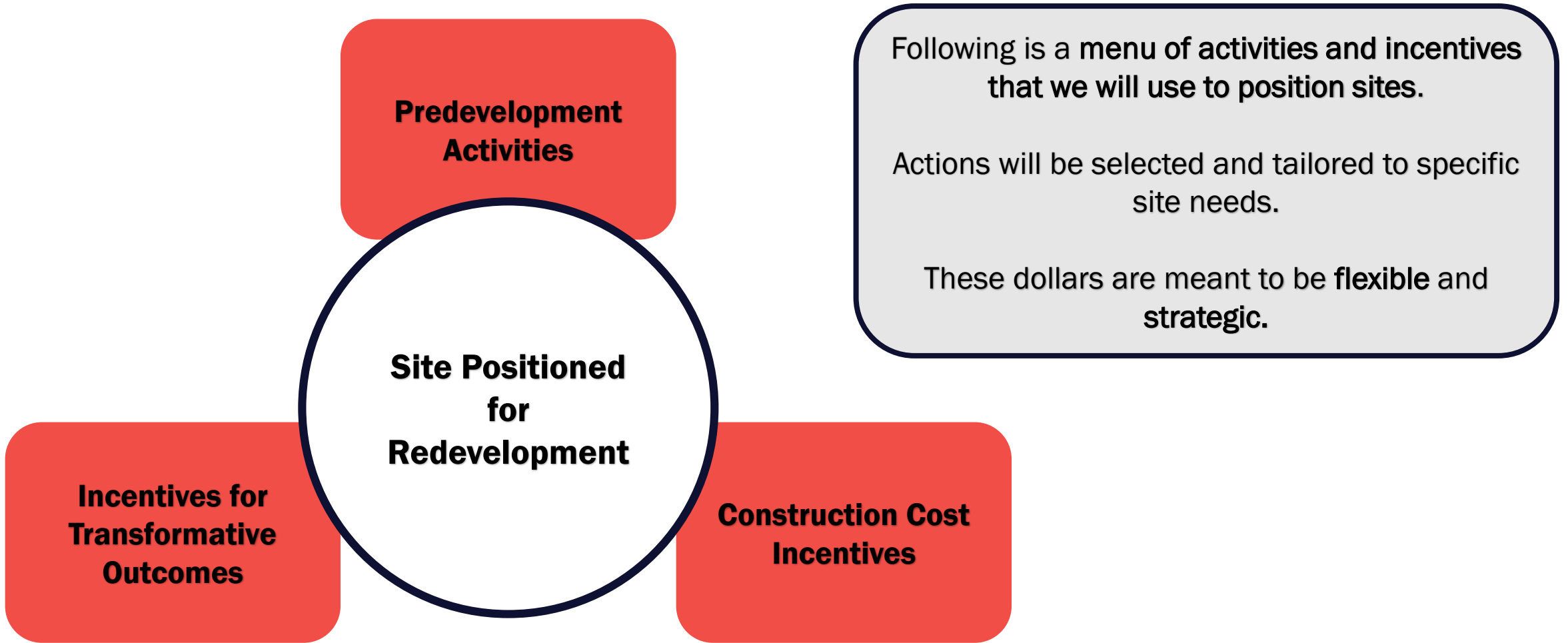
Actions will be selected and tailored to specific site needs.

These dollars are meant to be flexible and strategic.

Cleveland Southeast Side



Catalytic Redevelopment Actions



Catalytic Redevelopment Actions

Predevelopment Activities

Property Transfer Logistics

- Title search, survey work, appraisals

Environmental Conditions

- Phase I and II Reports
- Remediation*
- Mitigation of conditions that make redevelopment difficult (demo, grading, storage tanks, etc.)
- Floor Plans; Lead & Asbestos Surveys (if existent building)

Preparing for RFP Opportunities

- Market Analysis
- Planning & Engagement Studies
- RFP marketing/websites

These Predevelopment Activities position sites for redevelopment. Starting due diligence will increase efficiency once a project team is selected.

Catalytic Redevelopment Actions

Construction Cost Incentives

Up to \$250,000 grant or low-interest loan for Soft Costs

- Design Development
- Architectural Drawings
- Engineering Fees
- Construction Documents
- Enhanced Community Engagement
- Permits, Entitlements

Up to \$1,000,000 low- or 0% interest loan for Hard Costs

- On-Site Infrastructure
- Public Amenity Space
- Public Realm Enhancements
- Labor – MBE/SBE/FBE
- Multimodal Connectivity

Soft Costs are typically 30% of a development project budget

Lower market demand and overall labor shortages may impact construction costs

Catalytic Redevelopment Actions

Incentive for Transformative Outcomes

Up to \$500,000 forgivable loan for incorporating transformative outcomes into their project

Inclusive Economic Recovery

- Wealth-creation tool, eg: Resident Investment Model
- Revolving Loan Fund / Program that Supports Existing Residents

Addressing Environmental Justice

- Net Zero Building
- Increased Tree Canopy
- Solar Arrays

Incentivizing Transformative Outcomes that will directly benefit existing residents and are aligned with other City initiatives and priorities.

Site RFPs will outline principles for accessing these funds and proposals could include plans to include these outcomes in projects.

Catalytic Redevelopment

Costs:

Costs are and activities are highly variable depending on specific site and project needs. Estimated cost ranges for each set of activities:

Predevelopment Activities

\$150,000 - \$600,000 per site

Construction Cost Incentives

Up to \$1,250,000 per site

Transformative Outcomes

Up to \$500,000 per site

➤ **3 - 4 Sites** with a combination of predevelopment & incentive funding

Home Repair and Rehab

Current proposal is built on qualitative and quantitative research with extensive community input.



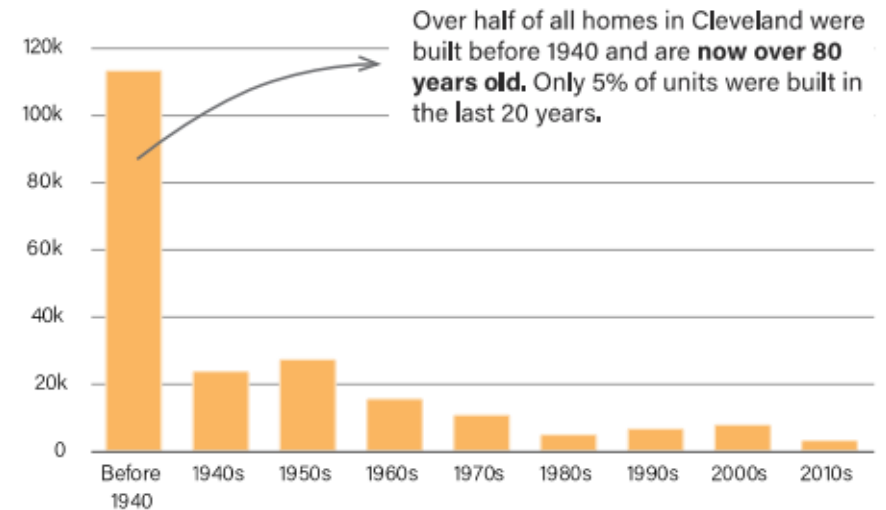
TARGETS

In order to address these needs, the City of Cleveland has set a target to **protect**, **preserve**, and **produce 100,000 homes** over the next 10 years. These targets recognize that the need for housing interventions is deepest at the lowest income levels. The market will likely produce additional units at higher income levels without intervention.

- **Protect 35,600 housing units** through equitable affordability interventions, including down payment assistance, affordable home loans, renter protections and legal aid, rental assistance, and property tax exemptions.
- **Preserve 41,400 housing units** through housing quality interventions, including home repair assistance, small landlord loans, and compassionate code enforcement.
- **Produce 23,000 housing units** through new construction or substantial rehabilitation supported by targeted development incentives, revised zoning, and streamlined approval processes.

Achieving these targets also requires the city and its partners to **position** themselves to collaborate effectively across agencies and stakeholders, adequately fund new and existing efforts, and provide a welcoming environment for new investment.

AGING HOMES



Cleveland has a vacancy rate of nearly 14%, compared to 7% in Cuyahoga County. As of January 2021, 7,700 units in the city were considered **vacant and distressed**.



Property surveys in 2015 and 2018 found that on the East Side, **the number of structures in "excellent" and "good" condition declined**, and the number in need of significant repairs increased.



Permits for alterations and repairs are concentrated on the West Side of Cleveland, even though property surveys report the worst conditions on the East Side.

Home Repair and Rehab



GOAL

Invest in the quality of existing homes. Poor housing conditions are a significant challenge in Cleveland. Over half of all housing units in the city were built before 1940 and are now over 80 years old. Only a very small share (5%) was built within the last 20 years. A 2015 citywide property inventory conducted by the Western Reserve Land Conservancy graded over 6,000 as grades D or F because they exhibited major exterior cracks, rotting wood, broken or missing windows, open holes, or were filled with trash. In addition, 20,300 properties were only in “fair” condition (rated C). Worryingly, the number of C-rated properties had increased when WRLC re-inventoried neighborhoods on the East Side, at a rate of 1.3% per year. If this rate holds, over 40% of structures will be in only “fair” condition by 2030.

Create an emergency home repair program. Draw on fast and flexible local funds (not entitlement funds) to offer up to \$20,000 of grant-based emergency home repair assistance per qualifying household. When a gap remains between the available emergency funding and repair need, assist the homeowner in accessing additional low-cost home repair financing (see below).

Timeline: ○ ○

Increase access to private home repair financing. Seed a revolving public-private loan fund with a publicly subsidized loan loss reserve to offer small-dollar home repair and improvement loans, including deferred or forgivable loans tailored to low-income homeowners and low-cost amortizing loans to moderate-income homeowners.

Timeline: ○

Home Repair and Rehab

- **\$5 million fund targeted in micro-geographies**
 - ~\$4M Home repair loans / forgivable loans
 - ~\$1M Home rehab grants or loans to for profit and nonprofit partners – targeted at retaining housing stock from demolition
- Seeking leverage from philanthropy and lenders to maximize impact
- Target of **200-250 home repairs @ \$15-\$20K** and **12-15 rehabs @ \$60-\$80K**



Home Repair and Rehab

State of Ohio Forfeited Lands

- Parcels that are in tax foreclosure that contain vacant or occupied structures that are able to be repaired or rehabilitated will be held at the Cuyahoga Land Bank and these funds can be used to do repairs and put the property into productive use.
- Partner with Cleveland Neighborhood Progress and CDCs to identify the best candidates for rehab and connect to contractors and end users.

Leverage Local CDCs, Councilmembers, and City Senior Programs

- Outreach directly to residents through local partners who know the neighborhoods and their residents
- Supplement existing City programs which may present eligibility challenges