

# Ordinance No. 113-2025

By Council Members McCormack, Kelly,  
Hairston

## AN EMERGENCY ORDINANCE

Establishing a Neighborhood Development Subfund for various neighborhood development activities properly benefitting the public by improving the quality of life for residents and businesses.

WHEREAS, this Council desires to create an improved way to fund neighborhood development work by creating a Neighborhood Development Subfund that may be used without federal grant restrictions while allowing for better use of CDBG funds; and

WHEREAS, funding neighborhood development work is critical to enabling infrastructure that prepares those closest to the community for opportunities that lead to reinvestment; and

WHEREAS, currently, many municipal projects eligible to receive Community Development Block Grants are funded using General Fund dollars;

WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That the Council of the City (Council) hereby establishes a Neighborhood Development Subfund (Subfund) for any appropriations made by Council of General Fund dollars. Money from the Subfund shall be provided by grant agreements to Community Development Corporations (CDCs) through an application process ensuring that CDCs meet the thresholds as required in this ordinance for accomplishing neighborhood development work, and ensuring that the funds are expended for neighborhood development activities that constitute a proper public purpose benefitting the general health, safety or welfare of the residents of the City in accordance with all federal, state, and local laws, rules and regulations.

Section 2. That within the Neighborhood Development Subfund, the Director of Finance shall create projects to correspond to each Ward within the City (currently seventeen [17]), and each shall be funded annually in equal distribution of the amount allocated to the Subfund that year pursuant to Section 1 above.

Section 3. For purposes of this ordinance, “Community Development Corporation” or “CDC” means a nonprofit organization whose primary purpose is the improvement of physical, economic, and social conditions of one or more City neighborhoods and that is guided by plans developed by and for community members in the neighborhoods it serves. A CDC must be tax exempt under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1); is organized under federal, state, or local law to engage primarily in housing, economic development, and other community development activities; is governed by a board of directors composed of residents of the CDC’s service area, representatives of businesses from the service area, and others; and must not be controlled by or under the direction of individuals or entities seeking to profit or gain from it other than receiving an annual salary, hourly wages, or benefits generally available to all employees; and must not be an agency or instrumentality of a state or local government.

The City has identified specific CDCs best positioned to successfully implement neighborhood development activities as set forth in this ordinance. Those CDCs, identified in **Legislative File No. 113-2025-A**, in addition to CDCs added later pursuant to Section 9 of this ordinance, are eligible to apply for grants from the Neighborhood Development Subfund.

Section 4. In its application for a grant from the Neighborhood Development Subfund, a CDC must show how it will accomplish a minimum number of neighborhood development activities in each category and subcategory for that year. A CDC shall

# Ordinance No. 113-2025

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include in its application all activities it proposes to complete that year, along with a proposed budget indicating how the CDC will use the grant funds. All such development activities must be approved by the Law Department as being a proper public purpose. There are the following five (5) required categories and their subcategories from which a CDC must complete a minimum number of neighborhood development activities:

Required Category I: Community Engagement – communication strategies to reach residents, businesses and others to share news, opportunities, events, etc., and resources available to them from the City.

Three required subcategories:

- Organizing and Engagement – at least 3 activities required: support for block clubs and community groups; resident leadership development; local health and wellness programming; fiscal agency/grant management; youth engagement; policy engagement advocacy and support; neighborhood safety; or code enforcement liaison /healthy homes; conduit to workforce development programs
- Communications – at least 1 activity required: publish neighborhood newspaper or letter; manage and publish e-newsletter; or manage CDC & neighborhood social media
- Events – at least 2 activities required: large scale “marquee” event operations; support local neighborhood events; manage ongoing activities (including recreation programming, camps, farmers markets, etc.); or community cleanups.

Required Category II: Neighborhood Development – support for physical conditions of housing and other real estate in a neighborhood.

Three required subcategories:

- Business technical assistance – at least 3 activities required: business responsive assistance; workforce development; entrepreneur support; business community building/groups; special improvement districts; or business access to capital
- Home repair – at least 2 activities required: repair program referrals and management; contractor pool management/development; intake activities for home repair projects; or repair capital development/grants
- Real estate development – at least 3 activities required: residential property development stages 1, 2, 3 and/or 4 (each stage a separate activity); commercial property development stages 1, 2, 3 and/or 4 (each stage a separate activity); financing/capital management; affordable housing development; or affordable housing management.

Required Category III: Neighborhood Planning – support to improve a neighborhood’s physical, economic and social conditions.

One required subcategory – choose from:

- Neighborhood plan and implementation – at least 4 activities required: parks, green space and open space development; infrastructure engagement; master plan development/city engagement; streetscape and commercial corridor improvements; community voice; market analysis and developer engagement; land assembly; or RFP development and management
- Pre-development – at least 1 activity required: financing, capital stacking, title commitments; appraisal contracting; boundary survey/architectural plans and rendering knowledge; or environmental studies
- Place-making – at least 2 activities required: wayfinding, signage, place naming; activation of spaces/events, popups, entrepreneurial and artistic support; historic preservation; design for access, walkability, links; or neighborhood safety.

# Ordinance No. 113-2025

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## Required Category IV: Marketing – promotion of a neighborhood.

One required subcategory – choose from:

- Resident attraction – at least 1 activity required: marketing campaigns to attract residents; housing market analysis and consumer research; or experiential event marketing for resident attraction
- Business attraction – at least 1 activity required: business demand study/analysis; responsive entrepreneur and small business support; or recruitment of new business
- Neighborhood branding – at least 1 activity required: branding identity, awareness and physical elements; neighborhood brand management; or partnerships with anchor institutions and attractions.

## Required Category V: Partnerships – collaboration between organizations and stakeholders

One required subcategory – choose from:

- Network weaving – at least 1 activity required: faith based community engagement; recreation programs; arts and culture programming; education and out-of-school time programming; volunteer management; or community health access
- Social service brokering – at least 1 activity required: access to local food support; homeless prevention and support; tax preparation sites; or senior support services
- City engagement – report on all relevant data from City Departments.

A CDC's performance of neighborhood development activities will be measured using the metrics set forth in the Legislative File.

Section 5. Within 60 days after funds are appropriated, and no later than February 1st of each year thereafter provided that funding is or will become available, CDCs may apply to the entity or person identified to administer the Neighborhood Development Subfund (Program Administrator) for a grant from the Subfund. The Program Administrator, along with the appropriate City individual(s) designated for this purpose, shall review the applications no later than April 1st of each year after the first year of this program. Each grant to a CDC shall be authorized by separate legislation, setting forth the amount of the grant, the scope of the project, the proposed budget, and all the neighborhood development activities the CDC proposes to accomplish with the grant funding.

Section 6. Grant agreements for Neighborhood Development funds as prepared by the Director of Law shall authorize 25% of the grant total to be paid to the CDC within 30 days of execution of the agreement, after which payments of 25% of the grant total shall be made quarterly as soon as reasonably possible within the first 30 days of that quarter. Grant agreements may include restrictions on when quarterly payments may be suspended, including for reasons related to insufficient data reporting, lack of oversight from the CDC's board of directors, investigation by state or federal authorities, and for other purposes as may be required by the Director of Law. All payments will be made only after the Program Administrator submits to the City invoices received from the CDC setting forth neighborhood development work to be accomplished in the forthcoming quarter.

# Ordinance No. 113-2025

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Section 7. Grant agreements shall allow for a maximum of 20% of the grant funds to be used for administrative overhead, including but not limited to rent, accounting and legal expenses, senior leadership and board development. Grant agreements shall allow funds to be expended on personnel and benefits in order to meet the achievements, goals, and metrics outlined in each CDC's grant application. Grant funds may not be used if the use would unnecessarily duplicate services currently performed by the City.

Section 8. The Program Administrator shall establish a monthly reporting process for contracted CDCs. CDCs shall submit reports to the Program Administrator indicating how the grant monies are being spent within the proposed budget, including invoices for amounts expended for administrative overhead and for each neighborhood development activity undertaken, tracking the wards and neighborhoods where the activities occur and demonstrating the performance of such activities against the metrics referenced in the Legislative File. The Program Administrator shall submit copies of the reports and supporting documentation to the designated City individual(s) and to the Clerk of Council. All reports required herein will be delivered electronically to the Clerk of Council and entered into the Record as a communication, referencing this ordinance.

Section 9. There is hereby established a Neighborhood Development Subfund Review Committee (Review Committee) which shall be comprised of thirteen (13) members as follows: seven (7) voting members comprised of three (3) members from the Mayor's administration appointed by the Mayor and four (4) members appointed by the President of Council; and six (6) non-voting members comprised of two (2) executives from CDCs serving City neighborhoods and receiving grants from the Neighborhood Development Subfund: one appointed by the Mayor, one appointed by the President of Council; two (2) representatives from philanthropic organizations that provide funding to CDCs: one appointed by the Mayor, one appointed by the President of Council; and two (2) representatives from local intermediaries working in community development: one appointed by the Mayor, one appointed by the President of Council.

Initial appointments shall be made between April and May immediately prior to the initial meeting date set forth below.

The Review Committee shall hold its initial meetings between July and December three (3) years after the effective date of this ordinance to review and update the list of eligible participating CDCs, review the Neighborhood Development Subfund program and its parameters, review and evaluate the list of neighborhood development activities, and recommend changes. The Committee shall make its recommendations to the Mayor and Council no later than December 31 of the meeting year. The Review Committee shall meet every five (5) years after its initial meeting for the same purposes. Committee appointments, meetings and recommendations shall follow the same time line as set forth in this section.

Section 10. That any contract to employ a private entity or person to serve as the Program Administrator shall require additional legislative authority.

Section 11. That this ordinance is hereby declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

By Council Members McCormack, Kelly, Hairston

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**READ FIRST TIME on JANUARY 27, 2025** **REPORTS**  
**and referred to DIRECTORS of Community Development, Finance, Law;**  
**COMMITTEES on Development Planning and Sustainability,**  
**Finance Diversity Equity and Inclusion**

CITY CLERK

READ SECOND TIME

CITY CLERK

READ THIRD TIME

PRESIDENT

CITY CLERK

APPROVED

MAYOR

PASSAGE RECOMMENDED BY  
COMMITTEE ON  
DEVELOPMENT, PLANNING AND  
SUSTAINABILITY

FILED WITH COMMITTEE

PASSAGE RECOMMENDED BY  
COMMITTEE ON  
FINANCE, DIVERSITY, EQUITY  
and INCLUSION

FILED WITH COMMITTEE