

**DEPARTMENT OF DEVELOPMENT
SUMMARY FOR THE LEGISLATIVE FILE
ORDINANCE NO: 28-2026**

Project Name: Lorain Avenue Affordable Housing Development
(former McCafferty Health Center Site)
Project Address: 4242 Lorain Avenue, Cleveland. OH 44113
Developer(s): Pennrose Holdings, LLC and/or designee
in partnership with Ohio City Incorporated
Project Manager: Trudy Andrzejewski
Ward/Councilperson: 7 – Austin Davis
City Assistance: Property Transfer / Site Control

Project Summary and Discussion

The Department of Community Development (CD), now the Department of Development (DOD) administers real estate development opportunities through RFP/Q processes. In August 2024, CD administered the Lorain Avenue Affordable Housing RFQ, seeking qualified project teams to redevelop the McCafferty Health Center Site into affordable housing with ground floor space dedicated to nonprofit and/or social service users.

The McCafferty Health Center Site is currently utilized by the Department of Public Health, who is finalizing the relocation of services to Blanket Mills, located at 3466 St. Rocco's Court, Cleveland, OH 44109 in March 2026. Legislation passed in June 2025 to transition jurisdiction of the site to the Department of Community Development or Economic Development, now the Department of Development.

Pennrose, LLC was selected as the developer to move forward with due diligence on the site. Ordinance No. 42-2025 was passed on February 10, 2025, allowing the City to enter into a sale or ground-lease with the project team. Ordinance No. 739-2025 was passed on June 13, 2025 amending the existing ordinance to establish certain terms of the ground lease. We are now seeking legislative authority to enter into an option agreement for the property.

Pennrose recently submitted an application for funding from the Federal Home Loan Bank of Cincinnati's Affordable Housing Program (FHLB AHP), which requires a ground lease or option agreement with specific terms. In November 2026, FHLB awarded the project \$1,008,000 in AHP funding. To fully satisfy and maintain the funding requirements, the City will need to provide proof of the executed Option Agreement in 2026, which will be drafted by the Law Department. An option agreement will also be a valid form of site control that does not trigger federal choice-limiting activities.

Proposed City Assistance

- This ordinance will authorize the Director of Development to enter into an Option Agreement for the purposes of evidencing site control for funding applications.
- The City anticipates a request for HOME funds in 2026 once the application period opens.

Project Impact

- Creation of approximately 60 to 75 units of housing, affordable to households 30%-70% of the Area Median Income
- Project estimates \$1,055,316.30 in new annual City tax revenue generated from residents and new employees.

City Requirements

- Subject to a Community Benefits Agreement
- All requirements related to Chapter 187: MBE/FBE/CSB requirements, Chapter 188: Fannie Lewis Cleveland Residential Employment Law, and otherwise will correspond with negotiations around City's financial participation in the project and will be reviewed when that legislation is introduced, expected Fall/Winter 2026.