



Transformative Neighborhood Project* Proposal

*These are ARPA dollars that Council would like to allocate to catalytic neighborhood projects and other initiatives that can have an important impact city-wide.

Date: 5/16/2023

Name of requesting entity: Greater Cleveland Habitat for Humanity

Primary contact for requesting entity: Joseph Gabbard

Email address of Primary contact: jgabbard@clevelandhabitat.org

Best phone for Primary contact: 216.278.7102

Address of requesting entity: 2110 West 110th Street, Cleveland, OH 44102 (Ward 11)

City Council Ward number of requesting entity: 2, 4, 8, 11, 15

Council champion(s) supporting the project: Bishop, Gray, Kelly, Polensek, Spencer

EIN (if applicable): 31-1209423

Geographic scope of project (select one and fill in ward number/s):

- City Council Ward Number:
- Multiple city wards: 2, 4, 8, 11, 15
- City-wide
- Beyond the city

Total amount requested for project: \$5,000,000

Total amount required for overall project: \$16,002,300

Estimated total project costs: \$13,202,300 (Homes) \$2,800,000 (Building)

Project description:

- Habitat will create 50 new homeownership opportunities for households whose income is between 30-80% of the area median income.
- Approved applicants will work in partnership with Habitat throughout the process and Habitat will sell the home at no profit through a 0% mortgage issued by Habitat.
 - ARPA grant funds will be used as a source to pay for construction costs to build the new homes.
- Habitat will design each home to be accessible for households with needs for current or future mobility and aging-in-place accommodations.
 - Final designs will be reviewed for comment by the respective councilperson and CDC and shared with residents for their input. Final approval of designs will be required from city planning.
- The 50 homes proposed are part of a larger 400 home, 5-year strategic initiative which will include vacant home rehabs for homeownership, and minor and critical home repairs for existing residents in the immediate area of where we are building new.
 - Those repairs will be at no cost to the existing residents, made possible by contributions from our private partners and State of Ohio ARPA.

- Habitat responded to an RFQ for a city of Cleveland allocation of ARPA for home repairs which would greatly expand the number of existing residents Habitat can serve. The home repair RFQ was submitted in the beginning of May and is currently under review by Community Development.
- ARPA support from Ward 11 will also be used to fund a portion of Habitat’s acquisition costs to purchase our current administrative and ReStore building located on W. 110th street.
 - Building acquisition will allow for building retrofitting to accommodate future growth and more jobs. The purchase will also provide a “forever” home for Habitat and ReStore customers and allow us to continue uninterrupted service of providing deeply discounted construction materials and household furnishings.
 - Our shoppers come from all sides of Cleveland and the suburbs. The revenues generated by the ReStore are a core pillar in allowing Habitat to further its mission of affordable homeownership.

What are the goals of this project?

- Increase affordable homeownership access in the city by creating 50 new homes.
- Ensure each home is a generational home which will be accessible and accommodate changing household needs and/or composition.
- Provide 0% interest mortgages for households who otherwise would be denied the opportunity of homeownership through traditional means, as a vehicle to build equity and wealth.
- Investment not only in the new homes but provide opportunities for every resident on the street to benefit from minor or critical home repairs.
- As mortgage payments are received and the number of new homeowners grow, our capacity increases to create more affordable homeownership activities.
- We receive over 2,000 preapplications for our program annually, so the need greatly outweighs the resources available. This investment will be a catalyst to increase our ability to meet the need.

What metrics will you use to determine its success/how will you know this project has been successful?

- Successfully constructing 50 new homes in partnership with households currently in unstable, unaffordable, and often dangerous housing.
- Providing new Cleveland homeowners a safe, quality, generational asset and home.
- Creating an atmosphere of inclusiveness by assisting existing residents with minor and critical home repairs.
 - Our intent is to include as many existing residents as possible on the block as part of the broader investment. Successful investment in neighborhoods, especially focused on one or two streets, should see everyone on the street benefit to some degree.
- Providing continued resources and support to homeowners to ensure continued affordability and sustainable homeownership throughout their mortgage term.

How does this project address racial equity and inclusion?

- Since 2019, 253 individuals have moved into a Habitat home including: 52 single parent households, 148 children, 91% minority, 5 senior citizens. This project will continue this trajectory.
- The majority of planned development is within formerly redlined neighborhoods
- 42 families have applied and are completing service hours as they await their homes. 100% of these households are minority.
- Our mission directly addresses removing systemic barriers preventing low income and historically underserved households from accessing traditional means to purchase safe and quality homes.
- Our homes are sold at zero profit which allows us to invest significant resources in new housing in neighborhoods which other private housing developers deem too risky or unprofitable.
- Eases barriers for households due to restrictive underwriting by traditional lenders, whose income may not be high enough, or are on a fixed-income

- Provide relief from the need for a significant downpayment. Even 3.5% downpayment for low-income households is a burden to save for if they are already cost burdened through rental housing and other necessary expenses. Homebuyers must contribute 200-300 sweat equity hours in lieu of a downpayment.

What is the community impact of this project? For example, approximately how many citizens will it impact, how many businesses will it support, and/or how many jobs will it create?

Based on average household composition for Habitat homeowners (3-person household)

- 150 people will become homeowners
- 100 children will have the stability of a safe and stable home
- 50 vacant lots will be transformed to strengthen and beautify streets.
- Our community impact goals are to ensure new homeowners can build equity and wealth and that existing residents can benefit from minor or critical home repairs.
- 50 new homeowners building an annual average of \$6,000 in equity, will result in \$3,000,000 in new wealth and equity gained in 10 years (\$60,000 per homeowner)
- We estimate that over 400 households will receive some degree of benefit through our broader initiative.

How will this initiative be sustained and for how long will it continue to provide value to the community?

- As the mortgage lender, Habitat is compassionate and has resources and other tools available to ensure every household receives the support ensure homeownership is sustainable and successful.
- Habitat is an international brand, and our affiliate maintains an excellent record of soliciting donations and support, both public and private, to continue our mission, currently in its 36th year of serving greater Cleveland.
- Our track record of delivering on our mission will ensure future support for the remaining years of our strategic initiative. As long as there remains a strong conviction among both public and private institutions that we as a city must be intentional on providing resources and support for truly affordable homeownership, we believe our mission will continue to be sustained.

What environmental sustainability goals does your initiative encompass, if any?

- Each new home will be constructed to the Enterprise Green Communities standards to promote efficient, sustainable, and healthy homes.
- A limited number of new homes may be eligible for free rooftop solar array installation in partnership with Solar United. The exact number of homes to receive the solar array is contingent on funding availability and homeowner interest and consent after the sale of the home to the new homeowner. Solar United has provided a letter of continued partnership and support.

Who are your partners on this project?

- Habitat works in partnership with the city of Cleveland, councilmembers, CDCs, corporate and philanthropic entities, and volunteers who both provide labor and professional services to advance our mission. Some of our professional service providers give their personal time and/or discount upwards of 70% lower than comparable market services. Other subcontractors and suppliers provide discounts directly related to Habitat's mission.
- We cannot understate the importance and unwavering support from The Cuyahoga County Land Bank to our strategic housing initiative and our ability to maximize our housing efforts.

Which city departments will execute this work?

- Habitat is a registered general contractor in the city of Cleveland and will use our in-house construction staff, volunteers, and limited subcontractors to build each home.
- As the builder, Habitat has our own in-house budgets which is unique due to volunteers, staffing, discounted pricing for our affiliate through local and Habitat international relationships, and gift-in-kind product/services.
- We do not require an RFP process since we are the builder and complete and oversee construction in-house.

- As a lender, Habitat lends under the Safe Mortgage Licensing Act exemption to originate 0% interest mortgages as a special credit program.
- Regarding which city department would manage the grant agreement and process disbursements is unknown.

IF APPLICABLE: What other sources of support or matching dollars do you anticipate for this project?

Please list:

50 home initiative supported by this award:

- State of Ohio ARPA (Habitat for Humanity Ohio pass-thru)
 - \$2,500,000
 - State of Ohio awarded \$25M to Habitat for Humanity Ohio for workforce housing, with the maximum of \$50k per home. Greater Cleveland Habitat for Humanity anticipates \$2.5M from this award.
- CCLRC/Land Bank Charities
 - \$1,000,000 (\$2M commitment for entire 100 home initiative)
 - Committed
- St. Luke’s Foundation
 - \$1,000,000
 - Pending award announcement. Expected in June
- Greater Cleveland Habitat for Humanity Construction Fund
 - On hand & ongoing contributions from ReStore revenues, private individual, corporate and philanthropic donations.
- Cleveland Foundation
 - \$250,000
 - Applied for. Expected announcement in June/July

Building Acquisition (Ward 11): \$2,800,000

Habitat will utilize a mixture of cash on hand, private financing, and potential Cuyahoga County ARPA support to cover the costs of the remaining \$2,300,000 to purchase the building. Discussions with county councilmembers and the county administration are ongoing for additional county ARPA support to reduce the amount of private financing necessary. Preliminary discussions seem promising. Exact figures for the non-city sources will be provided if an award is made and once loan terms are finalized. We have a term sheet but subject to final financing amount.

Required attachment:

- Budget (Microsoft Excel file)

Optional attachments:

- Full proposal
- Design of project

FOR COUNCIL STAFF ONLY:

Restricted ARPA General ARPA