

Community Benefits Ordinance Summary (Ordinance No. 297-2023)

The City of Cleveland has been utilizing Community Benefit Agreements (CBAs) for development projects for over a decade. The Community Benefits Ordinance, introduced March 2023, outlines a legal framework for how CBA's are applied, the process for how they are developed, and the kinds of benefits the City would like developers to prioritize. This ordinance also outlines expectations for publicly reporting contracting and workforce data. A signature element of this ordinance is that it requires a process for community members to give feedback and provide input on development projects.

When a Developer approaches the city and requests city financial incentives of \$250k or more, the Departments of Community and/or Economic Development will evaluate the project and determine the amount of financial incentives and community benefits.

Baseline CBA requirements include:

- A plan to meet participation, contracting goals for MBE/FBE/CSBs
- A plan to meet resident and low-income resident employment goals per project
- Participation in mentorship programs for certified MBE/FBE/CSBs
- Apprenticeships, internship, and networking opportunities for Cleveland youth/students and adults
- A plan for a community engagement process to gather input on the development project
- Quarterly compliance reports to the Office of Equal Opportunity (OEO)

If the total project cost is over \$20M, the developer additionally provides some of the following:

- Supporting the scale, growth of MBE/FBE/CSBs and industry workforce:
 - Joint-venture, co-development, owner's representative opportunities, and associate partner opportunities for MBEs, FBEs, and CSBs;
 - Hosting job fairs and networking sessions about upcoming contracting opportunities;
 - Assisting with competitive and accessible construction work, access to financial and capacity-building efforts;
 - Unbundling construction work into smaller bid packages suitable for competition by MBE, FBE, and CSB firms;
 - Facilitating access to bonding, financing, insurance, and other capacity-building assistance to MBEs, FBEs, and CSBs;
 - Supporting or participating in a workforce collaboration to expand job opportunities for communities of color and women;
 - A commitment to enter into a Project Labor Agreement (PLA) with one or more construction unions for the Development Project;
 - Use of project financing from a financial institution that affirms its lending and financing opportunities in support of residential and commercial development in Cleveland's neighborhoods;
- Supporting the broader community and Cleveland residents:
 - Promoting community investment trusts or community land ownership;
 - Including affordable housing units as part of the development project or making a contribution to an affordable housing fund;
 - Meeting other community needs related to the project and any other negotiated community benefit;
 - Providing neighborhood infrastructure and safety improvements including parks and green space, blight removal etc.
- Supporting sustainability and city infrastructure:

- Ensuring the design and construction of the development project promotes sustainable practices.
- Use of Cleveland Public Power to the extent feasible

This ordinance requires developers to meet with members of the community to ask for their feedback on the project, as well as any additional benefits they might like to see included in the agreement. Resident feedback is considered by Directors, CCDC and Developer for inclusion.

The Department of Community and/or Economic Development staff will present proposed project community benefits and financial incentives to Cleveland Citywide Development Corporation (CCDC). The CCDC reviews the proposals. CCDC advises and consults with ED/CD and City Council to confirm that the CBA outline includes all required components and integrates community feedback.

After the CCDC review, CD/ED sends the developer a commitment letter, which includes an outline of the preliminary community benefits. Legislation is sent to City Council authorizing the departments to expend city financial incentives. After legislation is passed, both the Developers Agreement and Community Benefit Agreement are finalized. A copy of the signed CBA will be submitted to Council to attach to the official city record.

The Developer will submit contracting and workforce data to OEO, who will then be required to share quarterly updates of this information with City Council and the public, via a public data dashboard.

This ordinance also outlines penalties that may be included in the CBA for possible non-compliance, up to and including termination of city financial incentives.

Definitions:

- **City Financial Assistance:** any grant, loan, tax increment financing, residential multi-family tax abatement in compliance with Ordinance No. 482-2022, Section 3, below market-value land transfer, and/or City-funded capital infrastructure improvements associated with a development project;
- **Community Benefits Agreement (CBA):** a legally enforceable agreement between the City of Cleveland and the Developer that provides community benefits;
- **Community Benefits:** amenities and/or commitments made for the benefit of the community in which a development project is happening
- **Developer:** any person, firm, partnership, limited liability company, corporation, joint venture, proprietorship, or other entity that proposes a Development Project, excluding public improvement projects, in the City of Cleveland; and
- **Development Project:** new construction of and alterations to buildings and structures located in the City.
- **MBE:** Minority business enterprise; **FBE:** Female business enterprise; **CSB:** Cleveland small business
- **OEO:** Office of Equal Opportunity
- **CCDC:** Cleveland Citywide Development Corporation is a board of elected and appointed officials, including: community representatives that include bankers, finance professionals, and community development professionals as well as elected or appointed City officials. They review and approve Dept of Economic Development loans and grants and provide recommendations to Council.