



SHAKER HEIGHTS

Neighborhood Revitalization and Development Agenda Via Zoom Meeting Due to COVID-19 Public Health Emergency Wednesday, August 12, 2020 at 6:00 p.m.

For the safety of staff and residents, in-person attendance is not permitted.
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pwd=dFdrK2VQTTNqZDNJS2lyYVdsTGJ6Zz09,](https://zoom.us/j/94329525632?pwd=dFdrK2VQTTNqZDNJS2lyYVdsTGJ6Zz09)

Password: 33553400; Description: Neighborhood Revitalization and Development;
or join by phone at 833-548-0282 (toll free); Webinar ID: 943 2952 5632; Password:
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International numbers available at <https://zoom.us/u/a4Kc6HFL>

1. Approval of the July 8, 2020 meeting minutes.

Documents:

[NRD MINUTES 070820.PDF](#)

2. Discussion of the City's Land Banking Program.

Documents:

[MEMO TO NRD RE LAND BANK PROGRAM.PDF](#)

3. Public comment on the Land Banking Program.

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**Neighborhood Revitalization and Development Committee Minutes
Via Zoom Due to COVID-19
Public Health Emergency
Wednesday, July 8, 2020**

Members Present: Anne Williams, Acting Chair, Council Member
Nancy R. Moore, Council Member
Rob Zimmerman, Council Member
Eric Bevilacqua, Committee Member
Carter Strang, Committee Member
Donna McIntyre Whyte, Committee Member
Benjamin Woodcock, Committee Member
Kamla Lewis, Director of Neighborhood Revitalization
Laura Englehart, Director of Economic Development
Kyle Krewson, Director of Building and Housing

Others Present: Jeri E. Chaikin, Chief Administrative Officer

The meeting was called to order by Acting Chair Council member Anne Williams at 6:00 p.m.

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Approval of the February 12, 2020 Meeting Minutes

It was moved by Council member Mr. Zimmerman and seconded by Council member Mrs. Moore that the minutes from February 12, 2020 be approved as recorded. The motion passed.

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Affidavit of Benjamin Woodcock

Chair Anne Williams stated that this is an acknowledgement of an acceptance of the affidavit that Benjamin Woodcock filed making the Committee aware of his employer and possible conflict of interest, in which case he would recuse himself from any vote or consideration of materials at hand.

Mr. Woodcock stated that he hoped everyone had a chance to review the affidavit. This should allow him to participate. Mr. Woodcock read aloud the affidavit providing notice of his association with KeyBank and plan to withdraw from all decisions and deliberations related in any manner to matters related to his employer.

CITY OF SHAKER HEIGHTS

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Application for Option and Acquisition of City-owned Vacant Lot at 22469 Fairmount Blvd.

Neighborhood Revitalization Director Kama Lewis stated that in February of this year the Committee looked at the City's side lot program and modified some of the procedures in order to expedite those applications for residents who live adjacent to a City-owned vacant lot who wanted to acquire one. Running parallel with that the City has also always been marketing our vacant lots to developers. Tonight before the Committee is an application from a custom home builder, Keystate Homes, who is interested in purchasing 22469 Fairmount Blvd. They are requesting an option for six months, renewable for another six months, during which they would have the sole rights to market that lot to a buyer to build a custom home. If they are successful within that period of time they would have to meet the requirements of the Architectural Board of Review (ABR) and the City Planning Commission (CPC) before the City would transfer it to them for \$1. This is similar to the agreement the City has currently with Knez Homes, who is building in the Moreland neighborhood. The main difference is that this option is only for one property while Knez has an option for up to 19 properties with five at a time and Knez has a five-year option and this is for six months with a six-month extension. Keystate Homes has been investigating investing in Shaker Heights for some time. They have been meeting with City staff from 2015. They have a long history of building homes in northeast Ohio. They were founded in 1979. They have won *Best Custom Green Home* for the past three years from the Greater Cleveland Homebuilders Association as well as *Best Custom Design* from the Building Industry Association of Central Ohio. A representative from Keystate is available to answer any questions from the Committee. The City does not currently have any plans for redevelopment of this vacant lot. The City has owned the lot since 2015 and during that time this is the only serious interest we have received in building on this lot or as a side lot application. This application was submitted by Keystate originally at the end of last year and then COVID-19 happened. We did receive a side lot application from the neighbor to the east of the property last week, but our policy at this point is first qualified application received is the first one we consider. Staff is recommending this application since it is consistent with our goal of encouraging new homes to be built on vacant lots and of course would save the City the cost of maintenance of the vacant lot. Keystate has submitted a sample design as well as a floor plan. They have met with staff from the Planning Department to ensure they understand the City's infill guidelines that would govern the architecture of the home and the kinds of materials required. They expect the sales price of the home would be in the \$300,000 range.

Council member Mrs. Moore asked if the six-month renewable option were approved by City Council this month, would the maintenance of the lot be up to Keystate from the time it is approved onward. She also asked if they do not find a buyer within the first six-months and get another six months to keep looking, would the City be putting itself at any disadvantage, given the neighbor is now interested in acquiring the lot.

Director Lewis responded that Keystate would be responsible for the maintenance. That is how we have handled it with the Knez agreement. The recommendation to accept this offer is because it would be a much greater value overall to the City to have a home built on this property than to have it as a side lot especially since at this point the side lot application was purely to consolidate the lot. No improvements were planned.

Chair Anne Williams asked if this would involve a purchase agreement.

Director Lewis stated there would be a development and use agreement like we did with Knez, but they would not actually purchase the property. We would not transfer anything until they had met all the requirements. The main requirements are that they have the home to be built approved by the ABR, the site plan approved by the CPC, and show they have the financing in place to build the home.

Carter Strang stated that we would certainly rather have the property tax from a new home in terms of the City's interest than a side lot, which would generate much less money.

It was moved by Carter Strang and seconded by Benjamin Woodcock to recommend the application for the acquisition of a City-owned vacant lot at 22469 Fairmount for approval to the Finance Committee and City Council. The motion passed.

Authorization to Enter into a Contract with RMS for the Clean and Safe Program in the Van Aken District

Economic Development Director Laura Englehart stated that this request is for the third year of the Clean and Safe Program that has been operating within the greater Van Aken district, not just the boundaries of the new construction of Phase 1, as outlined in red on the map provided. The purpose of Clean and Safe is to create and maintain a cleaner, safer environment that is more inviting to the community for everyone to enjoy. It includes the new construction of Phase 1 as well as Shaker Plaza, district south from Juma to Wendy's, and extends to both Tower East and its office area along with University Hospitals Headquarters. The Downtown Cleveland Alliance (DCA) provides Ambassadors that come and maintain this whole district and all of the streets in between with both clean and safe services. The Ambassadors come and remove litter, broken glass, debris; clean up graffiti, and provide many other cleaning services. They also seek to create an enhanced sense of safety in the community by providing safety patrols, event patrols, security checks, and direct contact with all of the business owners in the district along with free safety escorts for residents, visitors and employees particularly if they are leaving later at night. The escort services are used pretty regularly. They deter unwanted behavior including panhandling, and other incidents are prevented from escalating which may prevent some police calls. They also provide hospitality services like information, directions and physical assistance which makes this entire district feel cohesive, safe and clean. The way the program has worked is that RMS holds the contract with the DCA and it is financed by a partnership with RMS, the City, University Hospitals, and E2G, the owner of Tower East. The percentages of the financing is based on the property area owned and the number of tenants. The cost to the City has actually come down in this third year, which is proposed for \$34,095. It represents 28% of the total contract price of \$121,768.92, a decrease of \$10,464 for the City based on last year's allocation. This is because the services are able to be provided in full without having overlapping shifts. RMS used to have peak hours and non-peak hours for the services. Now there will be one set of hours without overlapping shifts with the same hours of operation, and same services provided in the same service area. The DCA has provided monthly reports every month for three years. We do not have an aggregated report available yet for statistics for the last calendar year. However, we have annual stats from last year we hope to provide in time

for the Finance Committee meeting. She will share at this time statistics from January 2019 through December 2019 with examples of services provided by the Ambassadors and the number of times for those services, including removal of graffiti, pounds of trash removed, hazardous waste cleaned, and panhandling incidents. The contract year is not the calendar year, but runs from August through August. The proposed contract is from August 2020 to August 2021. The service numbers are not likely to look the same for 2020 with reduced business activity during pandemic closures. RMS and the City are both very pleased with the work that has been done.

Carter Strang asked about the pipe tour. He also revealed when this was presented before that his daughter-in-law works for RMS so that everyone is aware of that fact. This program is not a surprise that it is done this well and has helped Van Aken so much. Those who work downtown have seen the difference this program has made there. With these statistics, and he can't wait to see the next ones, you can see how important this is and how it frees up the police, de-escalates confrontations, provides safety and security, and promotes a tremendous amount of good will by being visible and answering people's questions. It is money well spent in his opinion.

Director Englehart stated that there is a pathway that Ambassadors are required to follow to make sure they are spending time in all parts of the district. Certainly some parts have more use than others but there are markers that are set by a map for the Ambassadors to follow and make sure they do a complete tour of the district on set schedules and that is what the pipe tour is officially. The number of times they have toured the entire district was 994 through the 2019 calendar year.

Council member Mrs. Moore suggested a review of the statistics which shows an hour of snow removal in July 2019.

Chair Anne Williams asked about their duties going into the mask mandate in the County and their role if any of the Ambassadors in recommending masks or distributing masks. She hears a lot of comments by people who are out there both good and bad about the wearing of masks. She feels that people generally are wearing masks and that they are pretty compliant, but it is a big issue for people going there.

Director Englehart stated that she does not know whether the Ambassadors have directly been asked to do any of that at this time. From a hospitality standpoint it may make sense to ask them to remind people to do that particularly with the mandate by the County in place. She will be happy to talk with RMS about whether that has already occurred or whether it could.

Council member Mrs. Moore asked about an adjustment of the fees with COVID-19 and if RMS has considered any alternative contractual arrangement.

Director Englehart stated that the majority of the costs of the contract are labor costs so there is very little to be done unless we ask the Ambassadors not to show up and not to appear to provide any services. Particularly with increased cleaning requirements during this particular type of emergency, we may not want to have no one onsite at certain hours. The way that we have reduced the cost for this third year is to prevent overlapping shifts so there would not be more than one Ambassador there right now. There is not a way to reduce this further with labor unless we choose

not to have anyone there at all. That could potentially produce a little lower sense of security especially if fewer people are around and there would be less cleaning. She would be happy to talk with RMS about another solution but the cost is largely based on labor and can't further be reduced even if there is another shutdown.

Eric Bevilacqua asked if this is a fixed contract price with no variability based on cleaning. He asked if they will provide extra cleaning services and if they did would the City be part of it or RMS, University Hospitals or the site for which they are doing the cleaning.

Director Englehart stated that because the cost is largely with regard to labor they are asked to provide certain cleaning services and will continue to provide those during their shift. Adding services is something that can be done within the contract and how it is managed by RMS. Deeper cleanings beyond that could potentially reopen us for additional costs, but this is a fixed cost that would not increase throughout the year.

Mayor David E. Weiss added that this is a little different from just a shopping center. We have residents living there. It is important to make sure the apartments remain attractive and full, and a sense that it is clean and safe there with the Ambassadors present 24/7. It is a little different than a traditional office building that might not have a lot of activity or a strip shopping center because of the mixed use component.

It was moved by **male voice?** and seconded by Council member Mrs. Moore to recommend authorization to enter a contract with RMS for the third year of the Clean and Safe program in the Van Aken district for approval to the Finance Committee and Council. The motion passed.

There being no further business, the meeting was adjourned.

Council member Ms. Anne Williams, Acting Chair
Neighborhood Revitalization and Development Committee



Memorandum

To: Members of Neighborhood Revitalization & Development (NRD) Committee
From: Kamla Lewis, Director, Director of Neighborhood Revitalization
cc: Mayor David E. Weiss
Jeri Chaikin, CAO
Date: August 3, 2020
Re: **City's Land Bank Program – History and Future**

Summary

The City's land bank program refers to the processes by which the city acquires, holds and disposes of residential properties. It became active in 2002 as part of the implementation of the City's 2001 Housing Plan. The program was deliberately designed to be flexible, because it was understood from the outset that it would need to be responsive to changes in market conditions and city priorities. At times the program has focused on disposition of lots, and at other times on acquisition. Depending on market conditions and availability of land, the emphasis has varied between potential uses. This memo's purpose is to provide background on the City's land banking program's to facilitate a discussion by the committee on any recommended changes in policy or practices.

Background

Land Bank Existing Guiding Principles

- **Acquisitions** need to be strategic and support city goals. They should be reviewed by multiple departments and a recommendation made as to the disposition strategy for lots with structures on them, i.e. rehab vs demolition.
- Land is an asset, especially in a built out city like Shaker, and so quick disposition of vacant lots is not the highest priority. Because of potential liability, disposition of lots with structures on them is a priority.
- City owned vacant lots should be well maintained and be seen as community assets.
- **Infill housing** is the highest and best use for city owned residential lots and should be actively encouraged, including through the provision of subsidy and other incentive programs to attract private investment. Because of this, certain lots should be reserved for infill development, i.e. double and triple lots and lots for which market interest is likely or demonstrated. These should not be made available as side lots.
- Because of the number of variables to be taken into consideration, **an infill proposal process** should be used, and proposals for lots should be handled on a case by case basis depending on the particulars of each case. As with all legislative actions, they should be reviewed by a Council Committee and approved by Council.

- An official *side lot* program was introduced in 2008. Expanded side lots are a way to retain existing owners and attract buyers who want larger lots. Side lots are to be encouraged when infill is not likely, but lots are to be consolidated as a requirement. Side lots should only be available to owner occupant neighbors who are in compliance with city codes, tax complaint and not in foreclosure. The program is a secondary priority. Considerations for side lots may include:
 - The lot's configuration makes it difficult to build a market rate house that meets current zoning and building requirements.
 - The home that would fit on the lot would not be considered market-rate by today's standards i.e. less than 1,800 s.f., a broken up floor plan, small rooms, etc.
 - Has an easement or deed restriction that makes redevelopment difficult or impossible.
 - Surrounding uses are not compatible with a new single-family home.
- **Community uses**, e.g. community gardens, are permissible but require demonstrated community support.

History of Land Bank Program Priorities

2002 – 2004 (Focus on Infill)

- In 2002, the City owned only 7 single family residential vacant lots, and owned no residential structures. There were 252 privately owned vacant lots.
- There was a ***strong housing market***, with good financing terms, and interested developers. Realtors felt there was strong demand for new housing, and that tax abatement was not needed.
- The City's goals at the time were to increase the number of new houses in the city, both to diversify the housing stock and to increase the tax base. The focus was on promoting new housing in the Moreland and Lomond neighborhoods. The proposed approach was to begin by utilizing City owned vacant properties in the Moreland and Western Lomond neighborhoods for Phase I, and by assembling privately owned properties considered of strategic value in Phase II, to utilize for infill housing.
- The City issued an ***Infill RFP*** in 2002, resulting in a Development & Use agreement with Rysar Homes; two homes were built and sold by Rysar on Lindholm Road between 2003-2005.
- The City developed and adopted infill design guidelines and developed and marketed pre-approved architectural designs.

2005-2007 (Marketplace Changes)

- By 2005, the city was already beginning to see the negative impacts of the foreclosure crisis. In the first half of the year, the median sales price of single family homes was down 4.6%. The Phase II plan of acquiring privately owned vacant lots was put on hold. Nevertheless, the City determined to ***continue to focus on infill development*** but with no success:
 - The City issued a second RFP for infill development and received no responses.
 - The City sought to incentivize infill by offering tax abatement from 2006-2008 throughout all of the neighborhoods south of Van Aken. The years that the tax abatement was in place, coincided unfortunately with the worst years of the housing crisis and the City only had 1 qualified application.
 - The City introduced an architectural subsidy program in 2007 available to anyone building on vacant lots.
- By the end of 2007, given the ***deepening housing and economic crisis***, the city decided to shift its housing priorities from promoting new development, to stabilizing neighborhoods and damage mitigation.

2008-2015 (Switch towards Acquisition & Rehabs & Side Lots)

- The housing market had been devastated in some areas of the City. New construction had come to a total halt. In response to growing vacancy and abandonment, in 2008, the City launched an active demolition program.
- As a result, the focus of the City's land bank program switched from use of city owned vacant lots for infill, to **acquisition of low value properties**, including vacant lots. The City authorized staff to acquire properties valued under \$25k, without Council approval. The City implemented a policy of accepting all tax foreclosed properties for its land bank, and actively acquiring distressed vacant homes for demolition or rehab.
- Simultaneously, the Land Bank Program sought **alternative uses for vacant lots**. In 2008, the side lot program was launched as a way of disposing of some of the vacant lots being acquired, but with only passive marketing because of limited staff resources. By the end of 2015, the City had sold only 8 vacant lots as side lots and 2 were being used as community gardens. Using Federal funds available for vacant lots, the City transformed one vacant lot into a new playground, and expanded and upgraded two existing parks by consolidating them with vacant lots.
- In 2010, the City launched its **Shaker Renovator Program** to transfer low value houses that the City's land bank acquired for rehab and sale to owner occupants. It is still operational. Between 2011 and 2019 this program has been responsible for the rehab of 36 homes and the creation of \$9 million in new tax value.
- 7 additional homes acquired were rehabbed through the **deed in escrow program, the land trust program and the Federal NSP program**.
- By the end of 2015, the City went from owning 7 vacant lots to 150; it had acquired 187 residential parcels and 192 homes had been demolished.
- In 2010, using Federal Stabilization funds, the City worked with Zaremba Homes to build **3 new market rate**, but heavily subsidized **homes** on Strandhill.
- By the end of 2015, the City determined that there were sufficient signs of housing market recovery to transition from crisis mode to rebuilding the housing market and neighborhoods, and developed the 2015 Housing & Neighborhood Plan, in which once again, infill housing played a prominent role in the City's strategy.

2016-2019 (Market Begins to Improve)

- However, the 2016 housing market was by no means fully recovered. There was a significant decline in housing values, while building costs had risen, which further increased the gap between the cost of building in Shaker and what a home could sell for in many areas of the City. To promote infill, 10 year 100% **tax abatement** that covered the Moreland neighborhood was introduced.
- In 2017, the City received 12 responses to its **Moreland Infill Design Competition** resulting in a Development & Use agreement in 2018 with Knez Homes to build up to 20 new homes. However, no further agreements were pursued as the City switched focus in 2018 to completion of the Van Aken District and all marketing resources were redirected to the District. City supported marketing was considered key to the success of an infill program by the remaining interested builders.
- The City was still taking in an average of 10-15 properties per year into its land bank.

2020 (Market Recovery)

- By February 2020, the City owned 222 vacant lots, and the administration recommended a **more aggressive program to dispose of side lots**, given the cost of retaining them (approx. \$136k per year for maintenance and \$47k per year for landscaping and fencing for newly acquired lots).
- Since then, Council has approved the sale of 11 city owned lots as side lots, under the new guidelines.
- As the local and regional housing market has stabilized post foreclosure crisis, the City has seen an **increase in both homeowner and developer interest in infill construction**, and received significantly more inquiries related to building on vacant lots, both privately and city owned. Knez Homes has had clients interested in 2 privately owned vacant lots. In the last month alone I have fielded 4 calls from people wanting to build new homes on city owned vacant lots. In July 2020, Council approved the sale of a city owned vacant lot on Fairmount to a custom builder. The City has been in negotiations with the County Land Bank over building new homes on City owned lots for the past 6 months. This has increased the likelihood that the City has simultaneous interest for use of a city owned lot as a side lot and for new construction.

Potential Issues for Discussion

- Should the city continue its policy of holding back lots that are most likely to attract developer interest, i.e. double and triple lots; lots in stronger market areas? If so, for how long if there is also interest by a neighbor in acquiring as a side lot?
- Should the City do more to attract infill development on vacant lots?
- Are there other ways in which the City’s land bank program could be improved?

