



SHAKER HEIGHTS

**Neighborhood Revitalization and Development Agenda
Via Conference - Zoom
Wednesday, August 11, 2021, at 6:00 p.m.**

**This virtual meeting is being held pursuant to Ordinance 21-54 and
Resolution 21-55, enacted by City Council on June 22, 2021.**

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**Password: 33553400; Description: Neighborhood Revitalization and
Development;
or join by phone at 833-548-0282 (toll free); Webinar ID: 969 7868 5239; Password:
33553400.**

1. Approval of July 14, 2021 Meeting Minutes

Documents:

[DRAFT MTG. MINUTES 2021-07-14.PDF](#)

2. Transfer of 18975 Van Aken Blvd., Unit 505 to Cuyahoga County Land Reutilization

Documents:

[2021-08-09 MEMO TO NRD - K. LEWIS-TRANSFER OF 18975 VA BLVD. UNIT
505 TO CCLR.PDF](#)

3. Application for Acquisition by the Cuyahoga County Land Reutilization Corporation (CCLRC)
of 9 City Owned Vacant Lots on Menlo Road for New Single Family Housing

Documents:

[MEMO-NRD 7-28-21 - K. LEWIS.PDF](#)

4. Clean and Safe program in the Van Aken District-Authorization to enter into a contract with
RMS Investments, or its affiliate

Documents:

[MEMO TO NRD COMMITTEE - CLEAN AND SAFE 2021-2022.PDF](#)
[2021-2022 SERVICE AREA.PDF](#)

To request an accommodation for a person with a disability, call the City's ADA Coordinator at 216-491-1440, or Ohio Relay Service at 711 for TTY users.



**Neighborhood Revitalization & Development Committee Minutes
Via Zoom Due to COVID-19
Public Health emergency
Wednesday, July 14, 2021**

Members Present: Tres Roeder, Chair, Council Member
 Anne Williams, 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
 Laura Englehart, Director of Economic Development

Others Present: Jeri Chaikin, Chief Administrative Officer
 Joyce Braverman, Director of Planning
 Kara Hamley O'Donnell, Principal Planner

The meeting was called to order by Council Chair Tres Roeder at 6:00 p.m.

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Approval of the May 12, 2021 Meeting Minutes

It was moved by Council Member Ms. Nancy R. Moore and seconded by Council Member Ms. Anne Williams that the minutes from May 12, 2021 be approved as recorded. The motion passed.

* * * *

Tax Abatement-Transit Village Community Reinvestment Area (CRA)

Tres Roeder, Chair:
Welcome to the July 14th meeting of the Neighborhood Revitalization and Development Committee. We are meeting via zoom due to the pandemic. Two items on the agenda tonight. The first item is to review and approve if you deem them approvable the minutes from the last meeting, are there any edits or adjustments to meeting minutes? Approved by Council Member Moore. Seconded by Council Member Anne Williams.

Tres Roeder, Chair:

Our second and main item of business is discussing the tax abatement. The recommendation is to move from a 10 year to a 15 year.

Kara Hamley O'Donnell, Principal Planner:

Thank you. We're here today to ask for the committee's approval of the recommendation to city council to revise the 10 year abatement to 15 years. This abatement was started in 2015. The proposed change that we're suggesting is to encourage the completion and sale at the Townhomes of Van Aken Development. Until 2015, the land at the corner of Van Aken, Onaway and Sutton was located Shaker Heights and Cleveland, but it was owned by the City of Shaker Heights. To encourage redevelopment, Shaker Heights worked with Cleveland to adjust that municipal boundary so all of the property would be located in Shaker Heights. In 2016, the City sold that property to Vintage Development Group, which we now refer to as Marous, for the development of 33 town homes.

Kara Hamley O'Donnell, Principal Planner:

The Development & Use Agreement was approved by Council at that time, however, only 12 of those units were ever constructed and the project has stagnated. Marous has stated that they have no interest in completing the development and the City is working with them to approve assignment of the Development & Use Agreement to another developer, The Orlean Company. Then the new Development & Use Agreement would be entered into between the City and Orlean. The existing development has an Energy Star rating, HardiePanel and cement board and stone or on the front facades and then the rear façade is vinyl siding.

Kara Hamley O'Donnell, Principal Planner:

Over the last two years, Marous has contacted several developers to complete the project and there's been minimal interest. On June first of this year, Marous signed a Purchase and Development Agreement with the Orlean Company to sell those two remaining lots for the development of 18 two-story townhomes. Orlean Company is experienced with infill housing in Cleveland and the eastern suburbs, and its Chief Operating Officer, Ken Lurie, is a resident of Shaker and is eager to complete this project.

Kara Hamley O'Donnell, Principal Planner:

What you're seeing here now is the Bluestone Development in Cleveland Heights, which is a combination of townhouse, flats, and cluster homes. After the 2008 real estate downturn, they had to readjust their model to fit what was in demand. The project with the red is the reoriented development; the part on the upper right is what was built prior to 2008. Also this is Kenilworth Mews in Cleveland Heights, a development that was taken over after it had stagnated with its previous developer and was completed by Orlean Company. This is Edgewood Trace, Pepper Pike, another development of the Orlean Company that is under construction, but not totally complete. Orlean has a 60-day due diligence study period that ends at the end of this month, then that's followed by 30 days to close at the end of August. Mr. Lurie has been talking with brokers, engineers, and his architect to create preliminary designs so that he can test the waters, whether this is something that he can market and sell.

Kara Hamley O'Donnell, Principal Planner:

He has asked for a couple of incentives. The first, he has made application to the Cuyahoga County Land Bank, their housing construction gap grant program which offers \$35,000 to \$45,000 a unit to cover the gap between construction costs and appraisal values in certain distressed areas. An announcement is expected this month. I talked to Mr. Lurie today, he has not heard whether he's gotten that grant yet or not. And then the reason we're here today is the second request, which is to expand the 10-year tax abatement at a hundred percent to 15 years at one hundred percent. That is, in part, to compete with cities nearby that offer a tax abatement at 15 year at hundred percent, which Joyce will talk a little bit about. He feels that that's very important for him to assure that sale and occupancy of the development is able to be completed.

Kara Hamley O'Donnell, Principal Planner:

Their first phase is shown in this very preliminary site plan. Over here is the existing development, then this is what is proposed by The Orlean Company. They would first complete six units, two totally complete models and four white box. Potential buyers could see what they're purchasing. He thinks that's very important to sales. The two-story units are what he's seeing a market for now. He would build six of those units with first floor master bedrooms, and he would use a green standard equal to what phase one was using. He would like to reduce vinyl siding--he would prefer not to use any of it--but keep in mind he's still working on the very preliminary ideas, but at the very most he would use it on the rear, which is what was used in phase one.

Kara Hamley O'Donnell, Principal Planner:

He proposes extensive landscaping along with an aggressive marketing campaign. He believes that there is a market for this product based on his experience, familiarity with the market on the east side of town, the proposed price point, the first-floor master bedrooms and aggressive marketing that he can sell these these products. The entire property would be sold to Orlean for those townhomes and all of the development site is part of the CRA. The new Townhomes of Van Aken development would take place east of the existing townhomes, however, this whole area, including the residential area, which also includes quite a few vacant parcels, is part of that CRA. At this point, the only thing that's been built under that existing Transit Village CRA is a handful of townhouses in the upper right corner. There's been no new single-family development and those two vacant Townhomes of Van Aken parcels sit empty. As part of that agreement that I talked about at the beginning with the land transfer from Cleveland into Shaker Heights, an agreement was made between the cities of Shaker Heights and Cleveland so that the income taxes and property taxes are split--that's separate from the tax abatement--but that is an agreement that's standing right now.

Kara Hamley O'Donnell, Principal Planner:

The impact of the tax abatement is in the memo in detail, but basically boils down to this: phase one, today we get \$6,200; post-abatement we'll get \$8,900. In phase two, which would be this future development pre-abatement we get \$9,300; post-abatement we get \$13,300. The total difference you can see is about \$6,700 a year pre-abatement and post-abatement, and that's to the City of Shaker Heights. There are other funds that go to the County, to the Schools and things like that. That's just sort of the bare bones for the City. I'm going to hand it off to Joyce now.

Joyce Braverman, Planning Director:

As we reconsidered the tax abatement and incentives, we did research what our neighbors were doing. The City of Cleveland Heights has a citywide CRA. This is available throughout the city for both new construction and rehab, abatement of a hundred percent for 15 years. University Heights has exactly the same thing, a hundred percent for 15 years. And the City of Cleveland also city-wide 100% for 15 years/ University Circle, which is our neighbor, also offers a \$30,000 second mortgage, which is very nice incentive for the buyers of Cleveland. We also looked at a study that the City of Cleveland did in 2019 and 2020. They studied the policy of tax abatement. They found that most abatements were concentrated in a few neighborhoods and they were mostly for larger multi-family projects. They also found the following facts: the number of abated properties were small, the sale after abatement ended was also low, and only 26% a unit sold after the abatement ended.

Joyce Braverman, Planning Director:

They also saw an advantage that new revenue was seen after the abatement period ended and that these projects did have other benefits such as generating economic activity, such as contract or wages or spending on materials and services to build it. The study did support the continued use of tax abatement in Cleveland. They had a few recommendations: (1) requiring a green standard, (2) capping the sales price of \$300,000, and (3) using what they call "but for test", which was that development would not occur unless the abatement was granted. They also use some community benefit agreements, and they would choose their geographic area based on the housing market conditions. So that's what we learned from Cleveland. The next slide talks about what the process is in order to establish a Community Reinvestment area or to do an amendment like we are doing here.

Joyce Braverman, Planning Director:

A housing survey is necessary to documents the disinvestment, and this could be done based on housing values or based on actual quality of housing. We would need to refresh that, which we would do in-house. City Council is required to pass legislation that would state the tax abatement rules. That also would require public notice in a newspaper. The School Board is required to have notification, 14 days before Council takes action, the School Board does need to receive a letter. This again is notification only, in any comments by the School Board would be noted by Council, but Board of Education approval is not needed in Ohio to establish a CRA or to amend the district. Then because we have tax sharing with Cleveland, our agreement with them, they would need to also approve this. We have been in touch with their Economic Development Department, and Cleveland will be able to process this amendment administratively.

Kara Hamley O'Donnell, Principal Planner:

The case for reconsideration of tax abatement includes that construction on the vacant land will immediately yield income tax. Also there will be no reduction of property tax and the current tax on the vacant land, and new construction will eventually lead to increased property tax.

Kara Hamley O'Donnell, Principal Planner:

Why now? The undeveloped site has languished for two years. The existing owner has told us he has absolutely no plans to complete the project. There have also been ongoing neighborhood complaints about the appearance of the unfinished project. And also the last, is it's advantageous for us to complete the housing survey before the County's triannual reevaluation this year, which may show increased property values due to the current hot housing market. So our recommendation is to

encourage the completion of these townhomes in this development. We recommend that the NRD Committee approve a recommendation to Council to change the tax abatement in the Transit Village CRA from 100% for 10 years to 100% for 15 years. This will also extend an additional five-year tax abatement to the 12 existing townhomes of Van Aken dwellings and common areas, which includes the driveways, parking and water detention area. In order to implement the change, the City must conduct a housing survey and make application to the Ohio Development Services agency, and also Council must pass legislation that Joyce mentioned. That's a recommendation, we're both here for questions or comments.

Anne Williams, Council Member:

Thank you for that terrific presentation. A lot of detail there and I appreciate that. Can you explain, and I think I've asked this question and it may have been answered before, talk a little bit more about what the housing survey is that you have to complete, and am I correct in understanding that we're doing that in-house? And can you tell me what that encompasses and what information you will gather from that survey?

Joyce Braverman, Planning Director:

In the survey you need to show disinvestment in your CRA area and the State requires that you include two housing units. It doesn't need to include a lot of housing units, but you need to include at least two. And it needs to show that there's been disinvestment in terms of value. So the value hasn't gone up, but it has gone down, and we have done preliminary work and can show that in this district. We feel confident that we can meet that standard. The State is pretty open to what methodology you use. Sometimes you use physical photos and inspections to show that there's disinvestment. Sometimes you can do that based just on data and demographics and housing prices, the State does not have a preference which way you did it. The original housing survey for this area was done in house, primarily because it's a rather small area and we have already started updating all that data. So we will continue to do that in-house.

Speaker Unknown:

You referenced the City of Cleveland study about tax abatement and the benefits that they discussed. In that survey, I haven't seen it nor read it, did they talk about the tax abatement also contributes to the socioeconomic and racial diversity of the communities that it's in?

Joyce Braverman, Planning Director:

They did not mention that topic, but they did mention that this abatement was being used mostly for larger multifamily projects and also being centered in certain neighborhoods. Those are what we would call the hot neighborhoods of Tremont, Ohio City, so they did recognize that fact.

Speaker Unknown:

This is getting way ahead of ourselves, do we have a sense at this point, I would think a desire from the City's point of view to have the new units? Should we be successful in getting those up to be somewhat in line with the existing in terms of appearance? Do we have any idea whether that's something that would be a consideration at this point in terms of the building?

Joyce Braverman, Planning Director:

We have let the developer Orlean know that we expect a high-quality product. We are just starting to see some first sketches and the Architectural Board of Review would be reviewing this several times. It also goes to the City Planning Commission. We do have some controls in there, knowing that the original units are three stories, but currently proposed units are two stories. There does need to be some coordination of both materials and design

Nancy Moore, Council Member:

I have questions. I just want to first verify that when we use the words 'Transit Village, CRA we're actually referring to the CRA which will receive a tax abatement if approved, and Townhomes of Van Aken is the name given to the actual building of the townhomes? Is that correct? Yes. Okay. And secondly, I want to make the point that should all be the tax abatement change from 10 year to 15 year and applied to all of the units, both phase one and phase two, at maximum, according to projections, the City's share given the tax sharing agreement with the City of Cleveland and the 15 year tax abatement for all 33 build-outs would be \$22,264 a year, which is a fairly minimal amount considering that it includes projected income as well as property taxes.

Nancy Moore, Council Member:

I want to make that point that the financial revenues to the City for this development ensure revenue numbers are relatively small. My adjoining point for this is that it seems to me critical that we would leverage the minimal amount of revenues that we expect to get in the long-term, with conditions for the actual build-out. By that I mean, if there are only six first floor master bedrooms, it strikes me that this is the single design feature that might increase the appeal of this phase two, that was not actually present in phase one. And so my first question is why only six first floor masters are being projected in the design. Secondly, I would like to appeal and urge that this "minimal" vinyl siding, to be extremely minimal, I mean so minimal, that nothing can be seen.

Nancy Moore, Council Member:

I think it's also kind of insulting that we're turning the vinyl siding in the rear of these properties to the City of Cleveland, not to the City of Shaker Heights. Thirdly, I would like to know that if we give this land to Marous for \$0, and if that was the case, then why is Marous selling it to Orlean Company? And, last but not least, there was a sticking point with the neighborhood and you referred to the neighborhood has really been very vigilant in asking for improvement to the vacant land while Marous basically declined to develop it. The Planning Department has been very vigilant and very helpful in getting the landscaping done and other points that the neighborhood was advocating for. But the one piece that was part of the development and use agreement with Marous was the replacement of the landscaping on the tree lawns, at least the information that I have. So on behalf of the neighborhood, I would like to ask who, and of course that was not fulfilled by Marous when they decided not to develop the rest of the property. It was emphasized by the Planning Department that street tree plantings would have to be done after the buildout was complete, not before. So if that is the case, I would like to know who is going to verify who is responsible to replace the street tree plantings, which are basically absent along Van Aken.

Joyce Braverman, Planning Director:

I'll start with maybe your last two points then Kara would maybe take the first two. In fact, the City did contribute the land to the Marous development as part of the Development & Use Agreement.

And Marous did make improvements to that land and, put a road in, put the retention pond in, and I believe that they wanted to sell it in order to recoup their investment. That was their choice to sell it. That was an agreement that Orlean and Marous made outside of the City to sell it. In terms of other improvements in the neighborhood, some people on Council might recall when we started this project we did have a several-pronged approach to the Transit Village neighborhood, as we call it, or Northern Moreland. We did a Model Block program on Sutton Road. There were grants given to I think 10 or 12 different households on the street as the condos were being started and that was to do exterior improvements with matching grants. In terms of the street trees, Kara, did you get to look at those today?

Kara Hamley O'Donnell:

That's on my list first thing in the morning, I've got the map and I'm going to drive by.

Joyce Braverman, Planning Director:

There are trees that are to be put in on Van Aken as well as on Sutton. As we have said before, it doesn't make sense to put the trees up in front of where construction is going to go because will just get damaged. However, there are trees missing. That is something that we're verifying that they're missing. Marous will have to put those in, I think, prior to selling. I think we will be able to cite them for that. We're just double checking that they're still missing. Kara, do you want to answer other ones?

Kara Hamley O'Donnell, Principal Planner:

So the other one was about the number of first floor masters. That's something we can mention to Orlean Company, but one of the things that happens when you go from three-story units to two-story units they have to get a little bit wider.

I believe in order to get the first floor master they may need to get a little wider still. You're losing number of units as those units get wider. We have not seen plans, we've seen some sort of sketchy things. That's something that we can bring up with the developer, and I know he's been talking with realtors and other people in the market to see what the demand is. I'd imagine if there was a demand for all first floor masters, he would probably propose that. That's something we can definitely bring back to him and say that there's an interest in doing that and get some information about his market research. As far as the vinyl siding, yes, he would prefer not to use any, but this is so early in the planning to get someone to commit to that, especially when it was used in phase one. His preference is to not use it, but if so, minimally and creatively, as it was on the first phase. Again, that's something that is still early in the process and these are very sketchy plans at this point and all those numbers haven't been shaken out yet.

Joyce Braverman, Planning Director:

I also say that Development & Use agreement, the new one that has to be created for Orlean with the City, can address that issue in particular.

Dr. Donna Whyte, Cmte. Member:

Are all of the 12 units occupied at this particular time? They are. Okay. So that was not the reason that Marous decided not to develop the rest of the properties that they were selling.

Joyce Braverman, Planning Director:

They were selling at a lower price than anticipated. Developers always anticipate that buyers will have upgrades and, in this case none of the buyers took any upgrades. Their margin was lower than what they had expected.

Dr. Donna Whyte, Cmte. Member:

Also will the 15 year tax abatement be offered to any other homeowners? Are there any other homeowners who have a 10 year abatement that are not within that unit?

Joyce Braverman, Planning Director:

No. There's no other homeowners. However, we do have I think almost 10 vacant lots that are City-owned on Sutton Road and home builders that would like to build a new home would also be eligible for the 15 year, 100% tax.

Tres Roeder, Chair:

Those 10 lots, Director Braverman, are all currently within the CRA

Joyce Braverman, Planning Director:

Yes.

Kara Hamley O'Donnell, Principal Planner:

I think it actually might be closer, maybe more than 10, maybe 12 or even 13. The spin-out of the increased tax abatement may help us get some infill housing in that neighborhood too, which would be great.

Tres Roeder, Chair:

Has there been any interest or activity in those lots?

Joyce Braverman, Planning Director:

There has not at this time, I think with this new incentive that would be a good opportunity.

Speaker Unknown:

I have a question about the Marous sale, back to that for a second, what was the sale price?

Joyce Braverman, Planning Director:

I don't know that we have that exact number.

Speaker Unknown:

I just want to know if it was fairly close to what we would estimate were the improvements.

Joyce Braverman, Planning Director:

Yes.

Rob Zimmerman, Council Member:

Are there any larger lots? We deal with abatements for new multifamily construction, substantial historic rehabs, quite often in the City of Cleveland, Cleveland Heights, et cetera. Are there any lots, larger lots that are zoned multi-family or could be used for multi-family development within the CRA? I'm just thinking of something that might have a bigger tax impact.

Joyce Braverman, Planning Director:

You mean this particular CRA? There are not larger lots, there are a few multiple lots that could be developed together, but they're mostly single-family or two-family lots.

Rob Zimmerman, Council Member:

Has anyone specifically said that the difference between a 10 and 15 year abatement they went to the City of Cleveland, Cleveland Heights, University Heights or one of the other suburbs specifically because they have a more generous abatement?

Kara Hamley O'Donnell, Principal Planner:

I don't know that we have data in that way, but with what The Orlean Company is saying, it's sort of like if someone's looking at two houses and one has a \$10 coupon and one has a \$15 coupon people take that into consideration when they're buying the property. So it's a little bit hard as people are comparing apples to apples when everybody's around us is offering the \$15 coupon.

Anne Williams, Council Member:

I know we have talked about this at some point, and that's price point of these units. I've forgotten what the previous units sold for, I know it was a little bit less than what they're anticipating. Can you give us a little background on what those sold for and what these are anticipated to sell for?

Kara O'Donnell, Principal Planner:

They were all around \$300,000 and up to around \$325,000. What he's thinking is somewhere in the \$300,000 to \$350,000 range, again still doing a lot of the market research work. Initially he had talked about them being a lower price point, but he thinks he can get the \$300,000 to \$350,000 price point. And again, this still is early on brand to figure out the exact price.

Anne Williams, Council Member:

Then my comment is, I think in this situation I'm not an automatic fan of tax abatements, but I think this is a very thoughtful presentation. And I think this is an area we have struggled with, as you've said, for the last two years. I'm happy to see that there's interest moving it forward. I think we do need to take advantage of that. I would like to see as I'm out at block parties, one thing I've heard about from several residents that I haven't heard in past summers, or at least not recently, and this is concerns about being able to afford to stay in their house, to do the repairs, specifically for exterior repairs as a result of the inspections of the city.

Anne Williams, Council Member:

Nobody was complaining that they needed to be done, but they're struggling with getting these done. Given that some of our grant programs, I think it's the Carol Peterson grants that we did not get this year that provides some relief for some of our residents. I know we've had a model block

program that Colin worked so hard on, and everybody worked, hopefully we're going to get that in place. This is just a pitch for our current residents and helping them stay in their current homes as we are giving these benefits to new residents, ultimately new residents benefit all of us. We also all benefit from helping our residents stay in the home. So a suggestion that we look at those programs and hopefully move those along this year.

Rob Zimmerman, Council Member:

Council Member Williams really said everything I was going to say and very well. I view these arrangements as a tool. They should be used as tools, very specifically, very surgically. This is an area where we've made investment. We want to protect the investment. We want to protect the residents that are there and hopefully attract others. And it's an appropriate thing to do. Is it always appropriate in every area? Absolutely not. But then again it's not always necessary. I think the presentation was thorough and strategic, which is what we would expect for something like this.

Anne Williams, Council Member:

I have no objection to changing the tax abatement from a 10-year to a 15-year in the CRA just as the other two council members have mentioned. It's a limited tool that we have to try and turn this development from less than successful first phase to a very successful second phase, but the devil's in the details. If we really want this to be housing that will last like our other housing in Shaker Heights, we really to ensure that the development and use agreement holds the developer to the highest standard in view of the fact that basically he's getting this land for a deal, and that he has 15 years, not 10 year, tax abatement as a marketing tool, and that he's applying for \$35,000 to \$40,000 grant from the County Land Bank per unit to defray the building costs. All of those are really important incentives and we need to hold the standard very firm, otherwise come 15 years from now these units could be falling apart and the demand for them as a second resident or as a new buyer may be minimal. Everything is contingent upon that. I know the Planning Department does a great job with Development & Use Agreements. I'm going to be your cheering squad on this one.

Tres Roeder, Chair:

The administration is looking for approval from this committee. I've heard a couple of people express support for it. Do we have a motion? Moved by Mr. Strang, seconded by Mr. Bevilacqua. All in favor, Aye. Opposed? Abstentions? Motion carries. Director Braverman, Ms. O'Donnell, thank you for the presentation tonight. Thank you for sending the materials in advance as well so we can look through them and processes because this is a complicated, but something that was mentioned by the committee, is important as well. That's our last agenda item. So we are adjourned. I wish you all a good week. Good night.

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There being no further business, the meeting was adjourned at 6:38 p.m. The next meeting will be August 11, 2021.

Council Member Tres Roeder, Chair
Neighborhood Revitalization & Development Committee



SHAKER HEIGHTS

Memorandum

To: Members of Neighborhood Revitalization and Development Committee
From: Kamla Lewis, Director of Neighborhood Revitalization
cc: Mayor David E. Weiss
Jeri Chaikin, CAO
Date: August 4, 2021
Re: **Transfer of 18975 Van Aken Boulevard, Unit #505 to Cuyahoga County Land Reutilization**

Summary

Staff is recommending that the City enter into an agreement with the Cuyahoga County Land Reutilization Corporation (CCLRC) to acquire and market the city owned condo unit at 18975 Van Aken Boulevard, Unit #505 (PPN 736-07-338), in The Diplomat, for a period of 6 months, in order to have it rehabbed and sold to an owner occupant.

Background

Several condominium buildings in the city have been hard hit by foreclosures and tax delinquency, resulting in vacant, abandoned units that create financial strains for other condo owners because of unpaid HOA fees, and a weak market for many units. 12% of the homes in Shaker are condo units, but in 2018, condo units represented 28% of all sheriff sales and 34.5% of tax delinquent parcels. The average sales price at sheriff's sale is \$8,500. While median sales prices for other single family homes have rebounded to above pre-crisis levels, condo units are just at 70% of their pre-crisis level. In 2000, there were almost no condo rentals, while by 2018, almost 43% were rentals.

At the request of the board of The Diplomat, Neighborhood Revitalization staff has been working for the past 2 years with The Diplomat to address several of the tax delinquent and/or foreclosed units in their building, with the goal of returning them to productive use. The priority has been preventing further tax delinquencies and finding owner occupant buyers for properties that were already in the foreclosure process. Last year we partnered with the CCLRC to obtain and rehab a foreclosed unit in the building, resulting in its total renovation and sale to an owner occupant.

Unit #505 went through a foreclosure in 2011 for unpaid HOA fees, and was eventually sold at sheriff's sale to BIJ Investments for \$3,500. Because this foreclosure filing was by a condo association, the taxes were not wiped out through the sheriff's sale. BIJ Investments then transferred the property a few months later to Williams Lawn Care LLC, without a point of sale or funds held in escrow. The property has been vacant, with no taxes paid and no repairs made

since 2009. The property was acquired by the City on March 4, 2021 through Sheriff's Sale. The property was \$45,166 tax delinquent. If the City had not acquired the property it would have been forfeited to the State of Ohio, and continued to sit vacant and unproductive until another forfeiture sale was held (none are scheduled for 2021. If sold at forfeiture sale it would then most likely sell for as little as \$500 to another speculator and start the same process all over again.

Proposal

The City will transfer the property to the CCLRC which will market the property through its deed in escrow program for owner occupants through both the MLS and its website. The CCLRC deed in escrow program, was launched in 2010 to provide an affordable way for owner occupants to acquire and rehab CCLRC properties. To date, 295 properties have been rehabbed through this program, two of which are in Shaker Heights. CCLRC develops a scope of work of necessary repairs, including all city point of sale violations and potential buyers must complete all repairs before the the property is transferred to them. If the CCLRC is unable to find an owner occupant buyer within 6 months, the property will transfer back to the City.

To participate in the deed in escrow program, potential buyers must:

- Not own any real property that is in material violation of state and/or local codes or has a history of code violations;
- Not own any real property that has a history of being a site for criminal activity during the purchaser's ownership;
- Not own any real property that is tax delinquent;
- Not have lost any title or had any foreclosure filings against any properties within the past three years.

The CCLRC

The CCLRC is a non-profit, government-purposed entity whose mission is to:

- strategically acquire properties;
- return them to productive use;
- increase property values through these efforts;
- support community goals through collaborations with communities, governments, lenders, and individual property owners.

Recommendation

Staff requests that the Neighborhood Revitalization Committee recommend to Council that the city enter into an agreement with the CCLRC to acquire the city owned condo unit at 18975 Van Aken Boulevard, Unit #505 and market it through their deed in escrow program for owner occupants for 6 months.



SHAKER HEIGHTS

Memorandum

To: Members of Neighborhood Revitalization and Development Committee
From: Kamla Lewis, Director, Director of Neighborhood Revitalization
cc: Mayor David E. Weiss
Jeri Chaikin, CAO
Date: July 28, 2021
Re: **Application for Acquisition by the Cuyahoga County Land Reutilization Corporation (CCLRC) of 9 City Owned Vacant Lots on Menlo Road for New Single Family Housing**

Summary

Staff is recommending that the City enter into a Development and Use agreement with the Cuyahoga County Land Reutilization Corporation (CCLRC) to construct single family homes on 3 clusters of 9 city owned vacant lots in the southern Moreland neighborhood. The goals are to:

- Return city owned vacant lots to productive use, increasing the residential tax base.
- Attract new residents to the Moreland neighborhood.
- Raise housing values in the Moreland neighborhood.
- Diversify the housing stock by introducing new housing types.

Background

The City's 2015 Housing and Neighborhood Plan, expressed the need to diversity the City's housing stock, and revitalize the Moreland neighborhood through creation of new housing. It was determined that the best way to accomplish this was through using city owned vacant lots and ten year 100% tax abatement to build single family homes. Our goal is to have several different builders and owners constructing new homes in the neighborhood.

The City entered into an agreement with Knez Homes in 2017, and they have built and sold one spec home on Ludgate, are about to start construction on a second home and have begun the design approval process for a third home.

The City entered into an agreement with CCLRC in April 2021 to build two spec homes in partnership with the builder, Orlean Homes. They are in the midst of the design approval process, and expect to start construction in early Fall.

The City entered into an agreement with M Valentin in May 2021 to build herself a home on Hildana Road. The design for this home is scheduled for review by the ABR on August 2nd, and her goal is to begin construction in early Fall.

Proposal

CCLRC would acquire for \$1.00 per parcel the City owned vacant lots (circled in green on the map) located at:

- Cluster 1 (triple lot): 3561-3, 3567 , 3571 Menlo
- Cluster 2 (triple lot): 3626, 3630, 3634 Menlo
- Cluster 3 (triple lot): 3637-39, 3641, 3645 Menlo

They propose to build single family houses with universal design, including first floor masters, in the \$200,000 price range. The triple lots would be consolidated and re-subdivided and they would be building less than 3 homes on each triple lot. Their goal is to design homes that are specifically suited for people with physical disabilities because of the significant lack of suitable housing for this segment of the population. According to a recent [study](#) by Apartment List, only 6% of homes across the U.S. are considered accessible, while 15% of U.S. households are home to someone with a disability. Therefore, the housing shortage especially impacts those with physical disabilities. While the construction of many multi-family units is subject to the design requirements of the Fair Housing Act, single-family homes are often not so regulated. According to Apartment List, “In the 2000s, over 20 percent of new multi-family units were accessible, compared to less than 10 percent of new single-family homes”. Increasing the amount of accessible housing is one of the goals of the City’s 2015 Housing & Neighborhood Plan.

They have met with city staff and reviewed our infill design guidelines and their architect has begun design review with the Planning Department staff. Having approved drawings are not required in order to apply for a city owned vacant lot. After securing the necessary approvals, they anticipate construction to take approx. 9-12 months. They will finance the project using cash. As usual, the Development and Use agreement will include timelines for each stage of the project, including Architectural Board Review, transfer of lots, construction, the process for consolidation of lots and reversion clauses.

We recommend entering into an agreement with CCLRC to build homes on these vacant lots on Menlo, similar to the agreement with Knez Homes, whereby properties would only be transferred to CCLRC after all city approvals are in place, but prevents the lots from being sold to another buyer for a period of 2 years in this case.

The Team

The CCLRC is a non-profit, government-purposed entity whose mission is to:

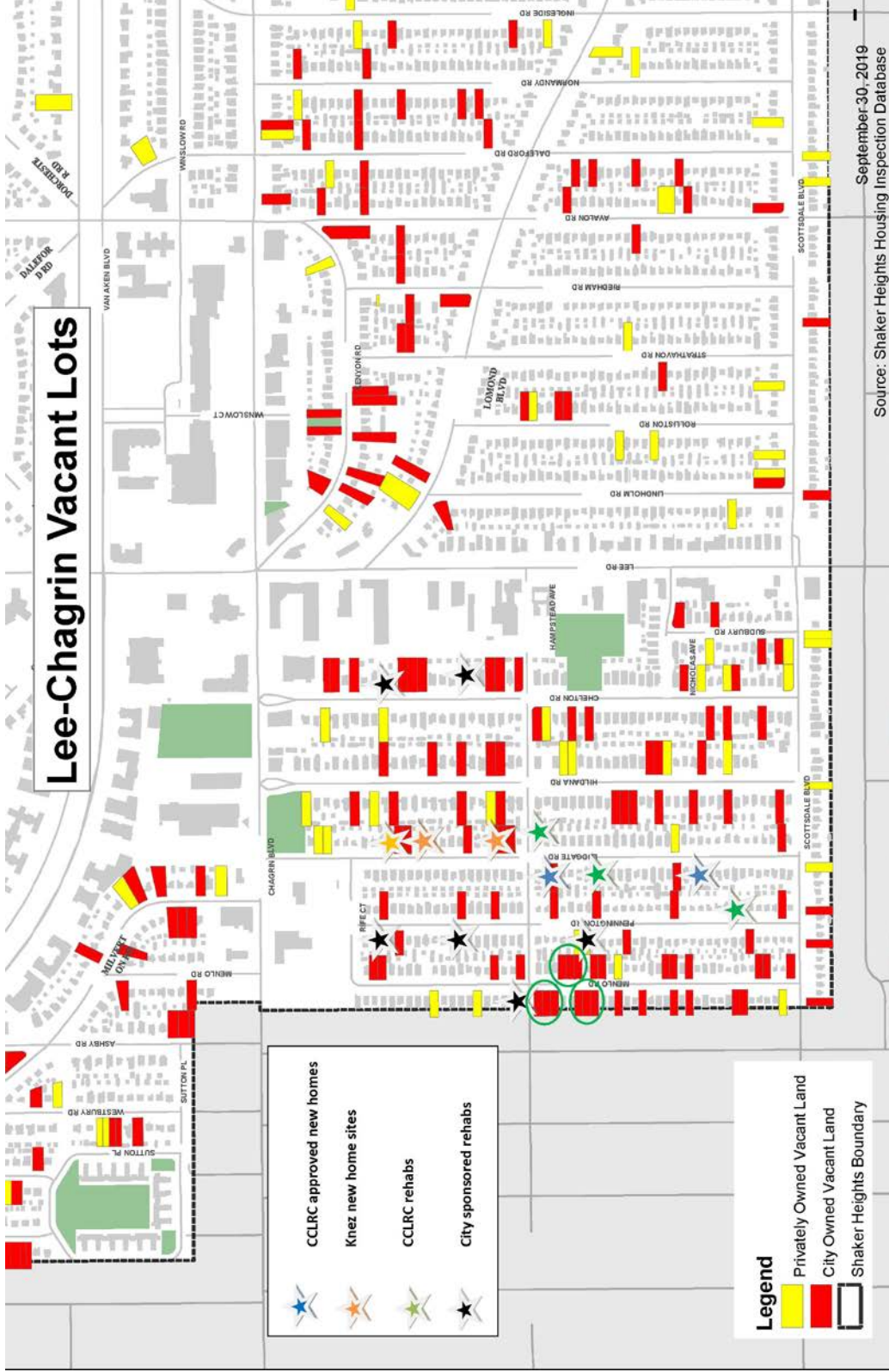
- strategically acquire properties;
- return them to productive use;
- increase property values through these efforts;
- support community goals through collaborations with communities, governments, lenders, and individual property owners.

The CCLRC’s primary funding comes from the accumulation of penalties and interest on collected delinquent real estate taxes and assessments. This primary revenue stream is supplemented by grants, the sale of acquired properties to qualified rehabbers and housing



developers, as well as the donations and recoupment of funds from various banks. The CCLRC has facilitated the completion of 2,000+ home renovations and since its establishment in 2009, the CCLRC has co-developed single family homes throughout Cuyahoga County, including in Cleveland, Rocky River, South Euclid and Maple Heights. The CCLRC and the City of Shaker Heights have collaborated on several revitalization initiatives, including rehabs in the southern Moreland neighborhood. Most recently they rehabbed and sold a house on Ludgate, and completed a pilot condo rehab on Van Aken.




Recommendation

Staff requests that the Neighborhood Revitalization Committee recommend to Council that the city enter into a Development and Use agreement with the CCLRC to acquire the 9 city owned vacant lots at 3561-3, 3567, 3571, 3626, 3630, 3634, 3637-39, 3641, and 3645 Menlo Road for \$1.00 each and construct single family homes on them.



Lee-Chagrin Vacant Lots

-  CCLRC approved new homes
-  Kneez new home sites
-  CCLRC rehabs
-  City sponsored rehabs

- Legend**
-  Privately Owned Vacant Land
 -  City Owned Vacant Land
 -  Shaker Heights Boundary



Memorandum

To: Members of Neighborhood Revitalization and Development Committee
From: Laura Englehart, Director of Economic Development
cc: Mayor David E. Weiss
Chief Administrative Officer Jeri E. Chaikin
Date: August 4, 2021
Re: Clean and Safe Program in the Van Aken District – Authorization to enter into a contract with RMS Investments, or its affiliate

For the past three years, since September 2018, a Clean and Safe Program has been operating in the Van Aken District pursuant to a contract between RMS and Downtown Cleveland Alliance (DCA). The program is currently financed by RMS, the City of Shaker Heights, and Tower East. The existing agreement between the City and RMS to jointly fund this program ends on August 20, 2021. This is a request to the Neighborhood Revitalization and Development Committee to recommend that Council authorize a new contract between the City and RMS for August 2021 to August 2022 at a cost to the City not to exceed \$32,941.48. These funds are available in the 2021 Economic Development operating budget.

The Clean and Safe Program provides “clean” services including trash removal, power washing, and weeding, and “safe” services such as enhancing the sense of safety, visibility, and safety escorts. A service area map is attached.

RMS has indicated that they are satisfied with DCA’s services and costs. Some staffing shortages have been a challenge this past year, but DCA has been actively addressing these challenges and recently increased wages, created a new up-front signing bonus, and established an annual bonus for more tenured employees based on both longevity and performance goals. DCA also held a job fair with on-site interviews in the Van Aken District on July 26. Lastly, DCA is streamlining employee onboarding processes and focusing on employee training. These improvements have already led to a new pipeline of applicants from which the Van Aken District Clean and Safe Program may benefit.

The program currently operates from 7am to 12am (midnight), seven days a week. Upon review of the services and information provided by DCA, the City and RMS agree that the same results and goals of the program can continue to be met while instituting a new “peak” and “non-peak” seasonal staffing approach in the coming contract year. This would mean removing some staffing coverage during early morning hours and late night hours from November through March.

The combination of increased wages with a new, non-peak winter schedule largely keeps overall costs steady. The City will actually realize a slight overall cost reduction, as the proposed contract would be a decrease of \$1,153.52 for the City based on last year’s allocation.

To fund the program for the next year, each participating entity will continue to contribute funds based on number of employees or land area owned. At a total contract price of \$117,648.16 for 2021-2022, RMS has committed to fund at least 55% or \$64,706.49, and the City would fund 28% or \$32,941.48. RMS will fund the remaining balance from other property owners in the district.

Accordingly, the Economic Development Department requests a recommendation that Council authorize entering into a contract with RMS for \$32,941.48 (or 28% of the total DCA contract, whichever is less) to continue the Clean and Safe Program in the Van Aken District for an additional year.

2021-2022 – SERVICE AREA

