



Finance Committee

Tuesday, January 17, 2023, 8:00 A.M.

Virtual meeting pursuant to Chapters 113 and 115 of the Codified Ordinances (as amended in Ordinance 22-28), and Resolution 22-29, enacted on March 22, 2022.

Members present: Council Member, Anne Williams, Chair
Council Member, Nancy Moore
Council Member, Tres Roeder
Citizen Member, Anthony Moore
Citizen Member, Martin Kolb
Citizen Member, Ketan Patel

Others present: Mayor, David E. Weiss
Chief Administrative Officer, Jeri E. Chaikin
Director of Finance, John Potts
Director of Economic Development, Laura Englehart
Neighborhood Development Specialist, Brendan Zak
Frank GoForth, League of Women Voters

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APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 12, 2022.

Chair Anne Williams stated that the minutes of December 12, 2022 meeting were approved.

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REQUEST TO SUBMIT A GRANT APPLICATION TO, AND TO ACCEPT A GRANT FROM, THE OHIO TRAFFIC SAFETY OFFICE FOR THE DRIVE TO SUCCEED GRANT SCHOLARSHIP.

Chief Administrative Officer (CAO) Jeri Chaikin on behalf of Chief DEI Officer Colleen Jackson, requested to submit a grant application to, and to accept a grant from, the Ohio Traffic Safety Office for the Drive to Succeed Grant scholarship program.

Administered by the Ohio Traffic Safety Office (OTSO) and available via grants to local governmental agencies, teens selected for a scholarship by grantee agencies would attend an eligible Ohio-approved driving school in their area at little to no cost. Funding amounts will depend entirely on the amount of funding available to OTSO, the total number of proposals submitted to OTSO and the need of the community, which may be determined by the poverty level, population, and/or fatal crash rates in the community.

CITY OF SHAKER HEIGHTS

Funding amounts will depend entirely on these factors, yet are expected to be no less than \$5,000 and no more than \$45,000 per agency. There is no grant match required. The grant period will be for two years. This new program aims to remove the financial barrier that may prevent some teens from enrolling in driver education. This is an aim that falls in line with the principles and vision of our DEI Committee whose members will create and run the program should the City be awarded the grant. The residents have expressed approval for this as well. Agencies that would like to receive the grant must submit their proposals before January 27, 2023.

Council Member Nancy Moore agreed this scholarship will benefit the students who meet this criteria who can't afford to go through driver's training. Council Member Moore questioned how the need is determined based on the community, as in how the poverty level is measured in each community. Council Member Moore also urged the City to utilize the formula that would substantiate the need of the teenagers who would most benefit from the scholarship. CAO Chaikin stated she will make sure this information is included in the memorandum going to Council.

The Finance Committee approved the request to submit a grant application to, and to accept a grant from, the Ohio Traffic Safety Office for the Drive to Succeed Grant scholarship program.

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REQUEST TO ENTER INTO A CONTRACT WITH HOME REPAIR RESOURCE CENTER (HRRC) FOR AN AMOUNT NOT TO EXCEED \$125,000 TO ADMINISTER CITY-FUNDED HOME REPAIR GRANT PROGRAMS AND ADDITIONAL HOME REPAID SERVICES IN 2023.

Director of Economic Development Laura Englehart requested to enter into a contract with Home Repair Resource Center (HRRC) for an amount not to exceed \$125,000 to administer City-funded home repair grant programs and additional home repaid services in 2023.

The Home Repair Resource Center has been a longtime partner of the City of Shaker Heights for more than a decade and has provided access to their tool library to the residents while also providing educational programming, hands-on workshops, landlord trainings, and many more similar educational services. For the past two years, HRRC has also administered the City's exterior home repair grant programs. The memorandum outlines four violation based programs that are income restricted, that have been administered by HRRC on behalf of the City.

Having HRRC conduct the administration of these programs as been immensely helpful to the City and residents and centralized the programming for experts that have served the community for many years. Their participation has created staff capacity as well. The City's staff has had more time to participate in additional community and network building in Moreland and additional community engagements.

The amount proposed would be utilized as it was in 2022; with \$90,000 being reserved for brick and mortar repair work for Shaker residents into home repair work which is split between all of the programs mentioned on the memorandum. Administrative fees would be covered in the amount of \$35,000. There will be a base administration fee of \$26,000 paid monthly and a per project fee of 10% for each completed project up to a maximum of \$9,000 or 10% of the \$90,000 in grants available for residents. The fees per project mentioned are paid upon the successful completion of the project and inspection by the City's building and housing department of the projects. If the City is successful in

obtaining CDSG funds from the County to augment our suite of home repair grant programs, HRRC is willing and able to administer those additional funds. In that event, because CDSG funds are not able to be used to pay administrative fees, all per project fees would be paid out of City funds.

Chair Anne Williams questioned when the City would be notified of the grant that was previously applied for and Director Englehart stated that we should be notified in the first quarter of 2023.

Council Member Nancy Moore commented on the struggle with staffing in the past because of the different structure to the program being time consuming. She expressed her excitement to see the way this program is structured with the component of the monies be paid upon completion of the projects because there is a real incentive for HRRC to push these projects through to completion.

Citizen Member Ketan Patel questioned what the plan for the increase were for the funds being allocated in the amount of \$90,000 this year for actual repairs plus a potential \$50,000 more in grant funding. Director Englehart stated there are two main components. The first component being the Moreland Model Block program that is relatively new. This program was piloted in 2019 mid-year and was later paused during the pandemic but was picked back up mid-year into 2022. Director Englehart stated now that the program is being fully utilized there will be an additional need for this. Especially because inspections occur in neighborhoods where more low and middle income residents live and most of these programs mentioned are income and violation based. Most residents use them to repair their homes that were cited by the City's Housing Department. There are outstanding violations that need to be re-inspected in the Moreland neighborhood. The Lomond and Sussex neighborhoods are under inspection presently. The need for additional funding is current. The neighborhoods being inspected tend to use these programs at a higher rate. There were an excess demand of applications last year with 40 applications that are still in process that have not yet been satisfied. Historically, the City has set aside \$50,000 for the four violation based income restricted programs. Council added \$50,000 for the Moreland Model block program in 2019. The targeted funding total is \$100,000, which has not been met yet but the anticipated need for these programs are significantly higher.

Chair Williams followed up with an inquiry stating is the increase in demand due to the changes in the economy in general. Director Englehart stated there is internal exploration and research being done to figure out what the need is and whether the programs are structured appropriately to meet the need. There will be updates given for follow-up to this questioning later this year.

The Finance Committee approved the request to enter into a contract with Home Repair Resource Center (HRRC) for an amount not to exceed \$125,000 to administer City-funded home repair grant programs and additional home repaid services in 2023.

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REQUEST TO ENTER INTO A PURCHASE AGREEMENT WITH MR. DARYL STOVALL TO ACQUIRE CITY OWNED VACANT PARCELS FOR \$1.00 PER PARCEL TO CONSTRUCT SINGLE-FAMILY INFILL HOMES FOR OWNER-OCCUPANT PURCHASERS.

Neighborhood Development Specialist Brendan Zak requested to enter into a purchase agreement with Mr. Daryl Stovall to acquire city owned vacant parcels for \$1.00 per parcel to construct single-family infill homes for owner-occupant purchasers.

The City's 2015 Housing and Neighborhood Plan and the updated 2022 Housing and Neighborhood Plan have the objectives of attracting and retaining new residents, increasing demand for homes in the City, and increasing property values. During the 2022 update, the City prioritized the expansion of infill housing development. This is accomplished through the use of the City's Land Reutilization Program (City Land bank), the City's Residential Community Reinvestment Area (CRA) Districts (Transit Village CRA and Southern Moreland CRA), and attracting multiple builders and types of housing units to the City.

There are currently 46 City-owned parcels across the City with an active application, a Development and Use agreement, or that are under construction. Of the 46 active parcels, 40 are in the Moreland Neighborhood. 14 parcel applications are under review, including six parcels to build three owner-occupant homes (including the two from this proposal), six parcels reserved by Knez for their 2023/2024 construction season, and two parcels from GLH, LLC. There are 19 lots under contract, including nine from Giltz and Associates, six from YRM Corp, two from Knez, and two from the Cuyahoga County Land bank. Four are under construction: three by Knez and one owner-occupant. The City owns 153 parcels that do not have an end use, 98 of which are in Moreland.

The Summary Proposal is to enter into a development agreement with the City at a cost of \$1.00 per vacant lot. Mr. Stovall is proposing to build a single-family home to use as his primary residence. Mr. Stovall anticipates receiving all City approvals through the winter and begin construction in summer of 2023, taking roughly 6-9 months to complete all construction activities. Mr. Stovall proposes to self-finance the home's construction. Mr. Stovall is proposing a 5 bedroom, 3 bathroom home with a full basement and an attached garage. The Planning Department will review Mr. Stovall's landscape plan to ensure that all City ordinances regarding tree plantings are followed. During this process, the Mr. Stovall will need to replace any trees removed during construction. If Mr. Stovall damages a tree lawn tree during construction, the City will require him to replace it with a tree of similar size. For lots that do not have a tree lawn tree, a tree will be planted once construction is finished.

The applicant has previously served as the general contractor for a new home construction, one being the home he currently resides. The applicant's proposal is consistent with the City goal of developing new homes on vacant lots to strengthen the City's housing market, increase the tax base, and reduce the cost of maintaining vacant lots. The City is not holding these lots for strategic purposes. Staff considers the construction of single-family infill homes an improvement over the City maintaining a vacant lot.

Staff have mailed notification letters to surrounding homes to solicit feedback and ensure neighbors are engaged with the infill housing process. There was no feedback from the neighbors on this parcel. This proposal went before the Neighborhood and Economic Development Committee. During the meeting, the Committee discussed and changed the removal of trees from the property and the anticipated size of the home. The NED Committee unanimously approved this item and recommended to Council.

If the Finance Committee recommends approval of the application, it will then go before City Council for approval. The City would then enter into an agreement with Mr. Stovall that will include the conditions of the sale and Mr. Stovall's responsibilities. Mr. Stovall will have six months from the execution date of the development agreement to receive all City approvals, including City Planning Commission (CPC), Architectural Board of Review (ABR), and Ohio Building Code (OBC). After Mr. Stovall receives all City approvals, the City will transfer the parcels through a quitclaim deed and Mr. Stovall will have one year from transfer to finish construction and obtain certificate of occupancies (COO) issued by the City's Building Commissioner.

Citizen Member Patel questioned if there was something specific about this particular item request that led to the requirement added into the Use Agreement for the City not to allow a variance to be granted by the CPC/BZA that is different from the upcoming item next on the agenda. Mr. Zak stated since Mr. Stovall is purchasing two parcels to build the house, the Committee wanted to add additional protection to make sure that Mr. Stovall was not seeking variance to build a larger house on a bigger lot, but right on the corner of the street. The Committee wanted to assure there was enough space for Mr. Stovall to meet all zoning code requirements. The upcoming item being proposed is different in the fact that proposal is two houses on two lots. Citizen Member Patel followed up in questioning if there may be too many restrictions put on Mr. Stovall's request especially if he is willing to spend the money to invest in the City. Mr. Zak stated the City is doing its best not to put too many instructions on the request. The additional tree removal request was in light of maintaining two large trees already on the property that the City would like not to be touched during construction.

Council Member Nancy Moore clarified that Mr. Zak was not at the NED Committee meeting and assumed that he did not hear the full discussion in regards to the CPC variance point in the context of the discussion about trees. Council Member Moore stated her concern for the lack thereof, of trees in the Moreland neighborhood because of their maturity and discussed in the committee meeting what could be done in terms of infill development to increase the canopy. In the City's effort to reestablish the canopy new trees are planted to replace old trees which is required via the zoning code. A newer tree does not possess the same environmental benefits such as decreasing particulate pollution. The City loses out on benefits when an older tree is cut down. Council Member Moore has been advocating for the City to look critically at the parcel size of the actual house in this case and then make a requirement that is specific to infill development to restore some of the canopy either through planting a native species of trees with canopy in the front yard that help the City substantially. The City is building and putting in sewer and water lines which creates a good opportunity to make sure that the trees are positioned in a place that doesn't interfere with infrastructure. Council Member Moore stated this is different from what has been done in the past but believes this is very consistent with the County's goal for increasing the urban tree canopy. Chair Williams was in agreeance.

The Finance Committee approved the request to enter into a purchase agreement with Mr. Daryl Stovall to acquire city owned vacant parcels for \$1.00 per parcel to construct single-family infill homes for owner-occupant purchasers.

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REQUEST TO ENTER INTO A PURCHASE AGREEMENT WITH MR. RON CARSON AND GLH, LLC TO ACQUIRE CITY OWNED VACANT PARCELS FOR \$1.00 PER PARCEL TO CONSTRUCT SINGLE-FAMILY INFILL HOMES FOR OWNER-OCCUPANT PURCHASERS.

Neighborhood Development Specialist Brendan Zak requested to enter into a purchase agreement with Mr. Ron Carson and GLH, LLC to acquire city owned vacant parcels for \$1.00 per parcel to construct single-family infill homes for owner-occupant purchasers.

Mr. Ron Carson is looking to enter into a development agreement with the City at a cost of \$1.00 per vacant lot. The Development Team is proposing to build two Colonial-style homes on at 3603 Hildana Road and 3607 Hildana Road, speculation for owner-occupant purchasers in the \$350,000 to \$400,000 price range. The Development Team anticipates receiving all City approvals through the winter and

begin construction in summer of 2023, taking roughly 6-9 months to complete all construction activities. Mr. Carson has partnered with Mr. Carl Gorman, who is the principal of GLH, LLC and Wayne Holmes who is a national home builder. GLH, LLC is a corporation out of California with the commitment to revitalizing black and low income communities across the country. GLH typically does about \$5 million worth of hard money lending to developers across primarily California and Indianapolis and are looking to add Cleveland to their markets. Mr. Gorman and Mr. Carson will essentially be the lenders. Mr. Carson will also be the project manager while Mr. Holmes will be developer and the architect for these projects. These homes will be custom build for Shaker Heights that correlates with the existing homes in the neighborhood. Some of the standard designs were included in the memorandum for review. This application is consistent with the City's goal of developing new homes on vacant lots, strengthening the City's housing market, increasing the tax base, and reducing the cost of maintaining vacant lots.

The lots are not being withheld for strategic purposes and the City does consider the construction of single family homes an improvement over the City maintaining a vacant lot. Staff have mailed notification letters to surrounding homes to solicit feedback and ensure neighbors are engaged with the infill housing process. This item was presented at the Neighborhood and Economic Development Committee meeting last week. The Committee discussed the addition and removal of trees from the parcels. The Development Team will be required to add a tree lawn if one is not present and the City's zoning code will require a tree to be included to the front lawn as part of the landscape plan. The Committee discussed the ability of the Development Team to construct new homes and if the Team has built homes in similar neighborhoods. The Development team has built scattered site infill before, citing their scattered site infill construction in the Indianapolis area.

The Committee also discussed the Development Team's plan to sell the homes in which they states that they will be using a local real estate agent who is familiar with the neighborhood to sell the homes. The NED Committee did approve this item and recommended to Council. If City Council approves, the next step would be to enter into a development use agreement with the Development. The Development Team will have six months from the execution date of the development agreement to receive all City approvals, including City Planning Commission (CPC), Architectural Board of Review (ABR), and Ohio Building Code (OBC). After the Development Team receives all City approvals, the City will transfer the parcels through a quitclaim deed and the Development Team will have one year from transfer to finish construction and obtain certificate of occupancies (COO) issued by the City's Building Commissioner.

The Finance Committee approved the request to enter into a purchase agreement with Mr. Ron Cason and GLH, LLC to acquire city owned vacant parcels for \$1.00 per parcel to construct single-family infill homes for owner-occupant purchasers.

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AUTHORIZING THE EXECUTION OF CERTIFICATES BY THE DIRECTOR OF FINANCE AND THE PAYMENT OF AMOUNTS DUE UPON CERTAIN CONTRACTS FOR WHICH THE FINANCE DIRECTOR HAS ISSUED THEN AND NOW CERTIFICATES IN CONNECTION WITH CERTAIN EXPENDITURES.

Finance Director John Potts requested for authorization of the execution of certificates and the payment amounts due upon certain contracts for which he has issued Then and Now certificates in connection with certain expenditures.

From January to February of each year there are a number of then and now certificates issued. The City's accounting software system, MUNIS, is shut down to effectively close the year which prevents the departments from entering in purchase orders. When the system is opened back up, there is usually a good majority of Then and Now certificates that need approval. The checks that need to be mailed out are normal recurring expenditures.

The Finance Committee approved the request for authorization of the execution of certificates and the payment amounts due upon certain contracts for which the Finance Director has issued Then and Now certificates in connection with certain expenditures.

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There being no further business, the meeting was adjourned at 8:35 a.m. The next meeting will be February 21, 2022.

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Respectfully submitted,

John J. Potts, Finance Director
Finance Committee