

create a focus on housing, recognizing its importance to our tax base since 90% of our property tax base is residential. A lot has changed since that first Housing Plan in 2001, including of course the significant impact on our housing and neighborhoods caused by the foreclosure crisis and the economic recession. We saw a rise in tax delinquencies, mortgage foreclosures, vacancy and abandonment – none of which had been foreseen in that first Housing Plan. Addressing the damage from the foreclosure crisis and the recession were the focus of much of the department's work from 2005-2015, and these still continue to have an impact on our priorities. However, by 2015 we could see stabilizing housing trends and the City developed the second Housing Plan, where we started to identify not just defensive measures, but also proactive initiatives to enhance our neighborhoods and strengthen our housing over the next 3-5 years.

Our 2015 housing plan is now 5 years old, and we have a new Mayor, so some of the proposed projects described in the 2015 Housing plan are no longer a priority. However, the goals of the plan remain the same, with just a shift in the strategies and tactics to accomplish those goals.

My role is generally to:

- Monitor housing trends;
- Identify issues that affect our housing and neighborhood stability and vitality, and
- Recommend potential solutions.

The projects I work on usually change from year to year. Once I identify an issue and solution, I am generally responsible for creating and implementing a program to address the situation, and if we determine that the program is a success, it is then passed off to another department with staff to handle on an ongoing basis. So, for example, in 2015-2017 I introduced and piloted the network centric model of community building, begun Neighbor Nights and leadership training of community members in the Moreland neighborhood to address the Housing Plan's goal of increasing connections between the City and residents. Based on the resounding success of this program, this work has now been turned over to the Economic Development Dept. Similarly, I developed and operated the City's demolition program for several years. Now, my work around demolition focuses on regional advocacy for demolition funding and applying for those funds, while the Recreation Dept. now handles actually carrying out the demolitions.

Currently, the focus of my work is in 6 areas:

- Reducing the level of **delinquent taxes**;
- Operating the city's **land bank** of 226 vacant lots, including acquisition of additional properties and disposition of vacant lots;
- Encouraging **rehabs** of homes through partnerships with non-profits and private rehabbers;
- Addressing **problem properties** where a change of ownership has been determined to be the best strategy;
- Developing a strategy to address the **condo** segment of our housing market, which is the area which has not rebounded fully from the housing crisis.

- Regional **advocacy** around issues of vacancy and abandonment and housing funding for first ring suburb communities.

Reducing Delinquent Taxes

Del. taxes were at a low in 2004 and have been increasing since. While the city has been working closely with the County on delinquent taxes since 2011, in 2018 we intensified these efforts and it became a high priority initiative. As of Aug. 2019, there were **437 certified tax delinquent parcels** and **\$6.14 million in certified delinquent taxes**. We have been experimenting with a number of programs. Currently we have a contract with a non-profit, ESOP, to work one on one with our tax delinquent seniors; I send out letters from the Mayor 2x per year to tax delinquent residents; I monitor annual tax lien sales which since 2016 has garnered about \$1.46 million in delinquent tax payments; and we work with the County to push through the largest and longest standing tax delinquencies.

As a result of these efforts, between Jan 2018 and August 2019, we reduced the number of tax delinquent parcels by 35% and the level of tax delinquency by 24%. We increased the number of delinquent tax payers on payment plans by 169% and reduced the number of tax delinquent seniors by 24%. I will continue this work in 2020.

Land banking

The City has had an active land bank since about 2003, but our inventory has increased significantly as a result of the foreclosures and demolitions during the crisis years. We currently have 220+ vacant lots in our land bank. I handle acquisitions (about 21 p/yr); manage our side lot program (7 applications in 2019); and oversee our infill program, where we currently have one house under construction by Knez Homes.

Rehab of Houses

My focus here is two-fold: encouraging homeowners to update their homes through access to affordable credit such as the CRS Heritage Home Loan Program; and secondly working with private and non-profit rehabbers to renovate homes for owner occupancy that might otherwise be bought by speculators as rentals. Through my Shaker Renovator program, I work with pre-qualified private rehabbers to get foreclosed homes into our land bank and then into the hands of these rehabbers and then work with them to rehab these properties above what POS would require. I partner with agencies like the CCLRC and other non-profits to create affordable homeownership opportunities through renovation of these homes.

Problem properties

Like any city, there are always some properties where either the property or its occupants or both create a challenge to the community, negatively impacting quality of life for other residents. We have a joint team from several departments who work on these cases. I am responsible for handling the

cases where it is determined that a change of ownership is the best solution. I typically am handling about 18-20 of these properties at any time. These range from properties which are stuck in some type of legal limbo to bank owned properties to properties that have been forfeited to the State.

Condos

12% of the homes in Shaker are condo units. The condo market was hard hit by the foreclosure crisis and has not rebounded as well as the single family market. The 2019 median sales price for condos (\$40,500) was at 65% of the 2000 level while single family homes were at 106% of the 2000 level. In 2020, we will be proposing a pilot program to identify ways in which the city can work with HOAs to strengthen the condo market, increase sales prices and reduce foreclosures.

Regional advocacy: Last but not least I work with my colleagues in other cities and in the community development field to identify housing trends and needs across our communities that need regional resources and initiatives to resolve. These will range from legislation to prevent abuses of land contracts; to building in consumer protections into a proposed energy efficiency financing model; to process modifications at the Common Pleas Court to enable better tracking of alternatives to the public sheriff's sale process. Currently I am working on facilitating a conversation with the Secretary of State's Office to enable our code enforcement staff to access better information on responsible parties when dealing with LLC owners of property.

Committee member Donna McIntyre Whyte asked why the Recreation Department handles demolitions. Director Lewis explained that when the city cut staff during the economic recession, this function was shifted to different departments over the years, depending on where there was available staff with the skill sets to oversee the program. The function moved from Neighborhood Revitalization, to Building, then Public Works and is now in Recreation.

Committee member Carter Strang asked if the City has seen a strengthening in the neighborhoods around the Van Aken District as a result of this major project. Director Lewis indicated that staff has certainly heard this anecdotally from realtors and residents, but have not yet analyzed the 2019 sales data by neighborhood.

Committee member Eric Bevilacqua asked why the condo market has not rebounded as well as other market segments. Director Lewis indicated that there are a number of factors, including that they were hit harder than other types of housing; that they are in large part apartment buildings that were converted to condos and so lack many of the amenities to compete in today's condo market; that they are not subject to systematic inspections like other parts of our housing stock, so there is more deferred maintenance; and that they also rely on volunteer HOA Boards, of varying abilities to address the challenges from the housing crisis. The city hopes to get a better handle on the challenges facing the condo market through a pilot program focusing on condos in 2020.

Director Kyle Krewson of the Building and Housing Department presented an overview of the principle functions and structure of the department. He went on to highlight the recommendations from the 2015 Housing and Neighborhood Plan that are supported by the Building and Housing Department. Several committee members had questions about specific functions of the department.

Councilwoman Moore expressed her appreciation for recent efforts that more effectively communicate requirements that are unique to owners of landmark properties.

Director Laura Englehart then presented an overview of the functions of the Economic Development Department that specifically focus on implementation of the Housing and Neighborhood Plan. Director Englehart stated that she will present further at the upcoming March 11 meeting of the Neighborhood Revitalization and Development Committee on the business and economic development priorities of the department, including efforts to attract new businesses to the City of Shaker Heights, retain existing businesses, encourage business expansions, strengthen the business community, manage and implement economic development incentive programs, revitalize our commercial districts, partner with the Shaker Heights Development Corporation (SHDC), and more.

Director Englehart then introduced Colin Compton, Neighborhood and Housing Specialist, who manages the Housing Grant Programs and Neighborhood Engagement work for the Economic Development Department. Director Englehart explained that the City funds and manages the following income-restricted grant programs: Exterior Maintenance Grants, Senior Exterior Maintenance Grants, Senior Emergency Safety Grants, and a Free Paint Program. She also explained that the City has historically applied successfully for additional outside funding from the Carol M. Peterson Housing Fund, which grants up to \$7,500 per home, up to a maximum of ten (10) homes, to be used for emergency repairs or accessibility improvements. This program does not require a local match, and the Economic Development Department will again apply for this external housing grant funding in 2020.

Director Englehart then explained the success of the new Moreland Model Block Grant Program, which the City first implemented in 2019 and will continue to administer in 2020. This program incentivizes adjoining property-owners to apply as a group for City funding to correct street-visible exterior violations, complete preventative maintenance, and make curb appeal improvements.

Lastly, Director Englehart outlined the City's Neighborhood Engagement efforts, which aim to build relationships with and among residents, foster resident interests and skills, and connect residents to support for their ideas. The Economic Development Department intentionally takes a bottom-up approach to neighborhood engagement to help residents take ownership of their ideas and become agents of change in their communities. This work to connect neighbors is critical to fostering safe and active streets, creating stable neighborhoods, and building pride of place and quality of life. Director Englehart explained that the City has engaged a consultant team, Kay Coaching, to increase resident participation and connectedness, connect residents to one another and to projects of interest, build resident leadership capacity, and provide leadership training.

Director Englehart then shared progress indicators that show the positive results of this work, including that residents know more of their neighbors, have more support, are more positive about their neighborhoods, and are more connected to the City. Committee member Carter Strang asked how many residents live in the Moreland neighborhood and how many active participants are in the network. Director Englehart responded that 171 residents are active in the network, representing a

216% increase in Moreland contacts since January 2017. Director Lewis confirmed that there are approximately 500 households in the southern Moreland neighborhood.

Director Englehart concluded by saying that network and community-building activities are growing increasingly complex and will continue with Kay Coaching in 2020.

Application to Acquire City Owned Vacant Lot at 3654 Daleford Road (PPN 735-30051) for Side Lot (Director Lewis)

Director Lewis introduced Tim Huffman, father of the applicant, Gregory Huffman.

The City has received an application from Gregory Huffman, 3658 Daleford Road, who is interested in acquiring the city owned vacant lot adjacent to his home in order to expand his lot. The Neighborhood Revitalization & Development (NRD) Committee is being asked to consider this application and make a recommendation as to whether City Council should approve the sale of the vacant lot located at 3654 Daleford Road (PPN 735-30051) to Mr. Huffman.

Background & Discussion

- **Applicant:** Gregory Huffman, 3658 Daleford Road
- **Proposal summary:** to purchase this vacant lot, and landscape it to use it as an enlarged side yard, at a cost of approx. \$5,906. He proposes to use contractors to do the work. (see attached drawings)
- **Price offered:** \$50.00

Staff Review of Application

- The applicant's property is not in foreclosure, he is current in his property taxes, and has had no criminal nuisance activity complaints. He has no outstanding Housing or Zoning Code violations. He has owned his home in Shaker Heights since September 2019, and is owner occupant of this two family rental property.
- The applicants' proposal is consistent with the City and neighborhood goal of expanding the size of lots in the neighborhood to enable households to have larger yards without selling their home and moving elsewhere. Larger lots typically command higher prices at sale as well. Sale to Mr. Huffman would return the vacant lot to productive use and tax revenue generation.
- The City has no redevelopment plans for this vacant lot.
- Staff considers that the use of the lot as described would be an improvement over it being maintained by the City as a vacant lot. It currently costs the City approx. \$615 per year to maintain a vacant lot.

Background Information

- In May 2008, the City adopted a Side Lot Program to make City owned vacant lots available to the adjacent neighbors. The goal of the program was to encourage adjacent neighbors to acquire these lots to make capital improvements to the property that would increase tax value, such as construction of a house addition or garage, landscaping, etc.

- Applications are accepted on a “first quality, first served” basis. Proposals that are approved by NRD will go to City Council for final approval.
- There is no set price for side lots under the Program; pricing is negotiable based on lot size, location, configuration, planned improvements, etc.
- If the NRD recommends acceptance of this application, and it is approved by Council, the City will enter into an agreement with the applicant that will include all of the conditions and the buyer’s responsibilities. The buyer will have to seek Planning Commission (CPC) approval for the consolidation of the lots. If there are variance requirements, they may also have to seek Zoning Board approval. Only once all these conditions are met would the property be transferred.
- The property was acquired by the City in March 2019 through a tax foreclosure. The two family house that had previously stood on this lot was demolished by the City in 2017.
- Through its vacant lot program, the City so far has sold eighteen (18) vacant lots:
- One additional vacant lot on Rolliston is being leased to a community group for use as a Community Garden, another lot on Winchell was approved for sale to a neighbor in May 2019 and another on Avalon in August 2019.

Councilmember Moore asked if the applicant planned to remove the tree at the front of the property. Director Lewis indicated that the plan is to trim the tree to keep it healthy, but not to remove it.

The Committee recommended approval of the Huffman application to acquire the City owned vacant lot located at 3654 Daleford Road (PPN 735-30051) for \$50.00 and utilize it as an expanded side yard.

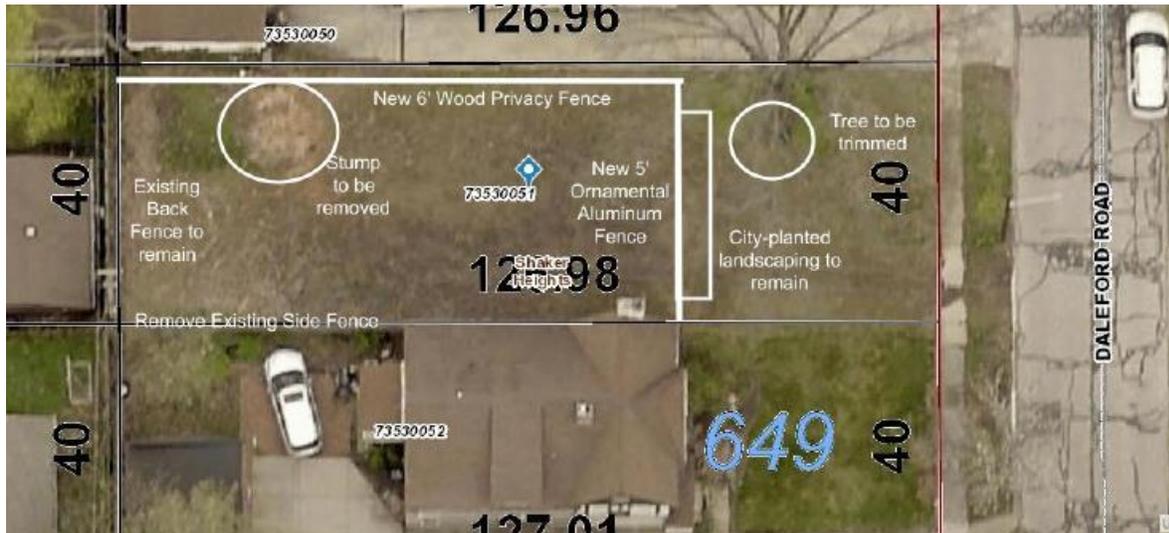


Vacant lot at 3654 Daleford



Huffman home at 3658 Daleford

Proposed Improvements



Proposed Changes to City's Side Lot Program for 2020 (Director Lewis)

Summary

The Mayor has set a priority goal for 2020 of transferring more city owned vacant lots to neighbors to use as side lots, and by so doing, reducing the cost of ongoing maintenance to the City, and increasing the tax base by returning these vacant lots to tax paying status. The pilot program described below is aimed at accomplishing both these goals, and has been reviewed with the Law and Planning Departments. Approval by the Neighborhood Revitalization and Development (NRD) Committee is requested.

Background & Discussion

Background Information

- In May 2008, the City adopted a Side Lot Program to make City owned vacant lots available to the adjacent neighbors. The goal of the program was to encourage adjacent neighbors to acquire these lots to make capital improvements to the property that would increase tax value, such as construction of a house addition or garage, landscaping, etc.
- **The City currently owns 222** vacant lots scattered throughout the city, but mostly concentrated in the Moreland and Lomond neighborhoods. There are also 185 privately owned vacant lots, 40 of which are tax delinquent and may eventually transition to the City through the tax foreclosure process.
- There has been an **80% increase in city owned lots since 2013**, with an associated increase in the cost of annual maintenance by Public Works.

- Each city owned vacant lot costs approx. \$615 per year for maintenance, i.e. \$136,530 annually for the current 222 lots.
- The Recreation Dept. landscapes and fences vacant lots so that they do not detract from the neighborhood. Average annual cost for 2015-2017 = \$47,458 (avg. \$1,540 p/lot for landscaping and \$1,147 p/lot for fencing. Total = \$2,687 per lot)
- We acquire on average approx. 10-15 properties per year. In 2019 we acquired 17 vacant lots. Currently 22 vacant lots are in the foreclosure pipeline for potential acquisition.
- Since 2008, we have sold 11 city vacant lots to neighbors as side lots, have 4 applications that have been approved by Council and are awaiting transfer, and 4 applications that are pending review. We have sold 7 vacant lots to developers for new construction, have leased 1 vacant lot to a community group as a community garden, sold 1 to a church for use as a community garden, and turned 4 vacant lots into park space.

Current Side Lot Acquisition Process

- Applications are accepted on a “first quality, first served” basis. Proposals that are approved by the Neighborhood Revitalization and Development and the Finance and Administration Committees go to City Council for final approval.
- There is no set price for side lots under the Program; pricing is negotiable based on lot size, location, configuration, planned improvements, etc. Lots have sold from \$1-\$1000.
- If the application is approved by Council, the City enters into an agreement with the applicant that includes all of the conditions and the buyer’s responsibilities. The buyer will have to seek Planning Commission (CPC) approval for the consolidation of the lots. If there are variance requirements, they may also have to seek Zoning Board approval. Once these conditions are met the property is transferred.
- The current process takes on average 6-8 months from initial submission of an application to transfer of properties, and then 6-12 months of monitoring for completion of improvements.
- The average amount of investment in improving the side lots acquired by neighbors has been \$1,217.

Proposed Changes to the Side Lot Program for 2020

Introduce a “limited time only for 2020” program with the following changes:

- **Reduce the cost of acquisition to neighbors:**
 - Remove requirement that capital improvements be made to the property. *Reduces staff time for monitoring.*
 - Waive \$75 fee for taking the consolidation request to the Planning Commission.
- **Simplify the acquisition process:**
 - Have a set price of \$1 per lot rather than residents proposing a price.
 - Only have Council review and approval of applications, unless the applications require complex splits of the parcel, instead of current practice of having the acquisition reviewed by NRD and Finance and then going to Council for approval,
- **Simplify the lot consolidation process for those acquiring the lots:**

- Have staff rather than buyer take the consolidation request to the Planning Commission for approval and not require a survey to be completed before going to the Planning Commission. This enables the application to be reviewed at the Planning Commission right after a Council meeting, rather than waiting several months. *Added staff time.*
- Issue an RFP to surveyors and provide buyers with a list of surveyors who have agreed to a set price and timeframe for carrying out consolidation surveys. *Added staff time to locate potential contractors and monitor the contract.*
- **Increase marketing of program:** There has only been passive marketing of the program by having the lots on the website. Program could be advertised in Shaker Life, highlight stories about how neighbors used their expanded lots; marketed to realtors so they can advise buyers who want more space than our lots typically have, etc. Website should include an online application form and a map showing the location of the available lots.

Councilmember Rob Zimmerman indicated that as a past member of the Planning Commission he thinks it is a good idea to have city staff present these side lots consolidation requests, but asked if the departments which would be impacted had been consulted. Director Lewis responded that the impacted departments had all been involved in developing this proposal.

Councilmember Anne Williams asked about the costs of the survey and consolidation. Director Lewis indicated that a survey done when the program was first established had prices ranging from \$1500-\$3,000.

Committee member Carter Strang commented on the poor maintenance of the landscaping on city vacant lots as he drove around the Moreland neighborhood, and his concern that side lots transferred to residents under this revised program may not be well maintained once we remove the requirement that there be capital investment in the vacant lot. He also stated that the opportunity to expand lot size could help strengthen the two family market.

Councilmember Nancy Moore also was concerned about the removal of the requirement that there be capital improvement of the lots, but indicated that she understood the tradeoff as the city sought to save money on the ongoing maintenance costs of these lots. She requested that city staff look at the feasibility of requiring that trees not be cut down on these lots without the city's approval, given the importance of preserving the city's the tree canopy, and the fact that it takes ten years for a new tree to grow to maturity. She also asked how the city would choose between two applications for a vacant lot. Director Lewis indicated that it would be on a first come, first served basis.

Committee member Donna McIntyre Whyte raised concerns about the financial ability of Moreland residents to afford these lots, even under the revised program since it required construction of a house on them. Director Lewis indicated that construction of a home on the property was not a requirement. That requirement was only for developers. These side lots would be available to adjacent neighbors for \$1.

Committee member Eric Bevilacqua stated that putting housing on these lots would clearly be the highest and best use of the lots, and the city should consider encouraging housing development on the lots. Director Lewis indicated that the city did have an interest in encouraging infill housing on

the lots and currently was working with Knez Homes which has one single family house under construction on Ludgate. He also asked if the City considered other financing mechanisms such as TIF financing or offering loans to help residents afford the vacant lots. Director Lewis indicated that the city had not looked at TIF financing as an option, and that the city did not have the internal capacity to manage loan servicing. We did consider grants but staff felt that it was important for applicants to have some financial stake in the property so that they did not enter into these transactions lightly, and that it would also likely defeat the cost reduction goals of the program.

Neighborhood Revitalization and Development Committee approved this pilot program for 2020. Director Lewis indicated that the Mayor plans to have this proposal next considered by Council at its February work session.

There being no further business, the meeting was adjourned. The next meeting will be held on Wednesday, March 11, 2020.



Tres Roeder, Chair
Neighborhood Revitalization & Development Committee