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## Joint Committee

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## Summary

- The committee, presenters, and a member of the public discussed project funding, execution, community benefits, investment benefits, and community concerns for a housing fund and downtown riverfront development plan.
- Committee members emphasized that middle class neighborhoods that have not received investment need to be a focus of the potential housing fund.
- Each project was presented, and applauded by some, as game-changing investments for the city and its community if implemented as proposed and promised.

## Follow-Up Questions

- Can tax-increment financing (TIFs) and TIF districts be elaborated on in layman's terms? *[Editor's note: Here's a [Signal Cleveland explainer about a downtown TIF district](#)]*
- Can more live events/entertainment/in-person shopping incentives address Council Member Richard Starr's concern regarding long-lasting and significant investments (e.g. shopping in person vs. shopping online)?

## Notes

This was a joint committee meeting between council's Finance, Diversity, Equity and Inclusion and Development, Planning and Sustainability committees. Committee members: Blaine Griffin, chair; Anthony Hairston, co-chair; Kerry McCormack; Kevin Bishop; Kevin Conwell; Anthony Hairston; Brian Kazy; Michael Polensek; Jasmin Santana; Jenny Spencer; Kris Harsh; Joe Jones; Stephanie Howse-Jones.

Other council members present: Deborah Gray, Danny Kelly, Richard Starr and Rebecca Maurer.

**[637-2024](#) AN EMERGENCY ORDINANCE** Authorizing the Director of Community Development to enter into an agreement with Cleveland Housing Investment Fund, LLC, (CHIF) or its designee, to provide development assistance to provide partial funding of the Cleveland Housing Investment Fund.

Sponsors: Hairston, Griffin and by departmental request

[Full presentation slides](#)

Presenting panel: Jeff Epstein, Cleveland chief integrated development officer; Alyssa Hernandez, Cleveland Community Development director; Tiffany Durr, interim president of [LISC \(Local Initiatives Support Corporation\) fund management](#); Kandis Williams, [LISC Cleveland](#) executive director; Caitlin Krebs, director of LISC fund design; Kim Cutcher, vice president of LISC Midwest region; Jeanine Colozza, senior program office for lending and capital management with LISC Cleveland; Tony Bango, Cleveland bureau chief for housing development.

Epstein said the CHIF and the Bedrock riverfront development project (highlights below) would provide 5,500 to 6,000 housing units, about half would be affordable at 60% to 100% of [area median income](#). Half would be in "middle and opportunity neighborhoods" that have not seen robust investment from the private sector and have been on the receiving end of unethical treatment such as redlining, he said.

Hernandez said every neighborhood has a different need. A multi-prong approach is needed. Hernandez spoke of the CHIF's goal to provide quality housing -- 2,500 to 3,000 new or preserved affordable housing units in total.

Sustainable healthy living and transit-oriented development are also goals.

Durr said they plan for their work with Cleveland to be as successful as they have been for Detroit, D.C. and Florida.

Williams discussed some of the types of projects under CHIF. Williams said there will be \$18 million in seed funding -- requested from the City of Cleveland as part of the legislation -- and an estimate of \$82 million from other sources through a public-private partnership for a \$100 million fund. The full leverage value of the fund is about \$250 million, Williams said.

The CHIF would support developers of color, Williams said. She said some of the potential areas of focus are: the West Side's Variety Theatre; [Walter Collins'](#) Veterans

Housing in Union-Miles; Lee-Harvard's John F. Kennedy High School and recreation center. Williams said they would help sites that have not received funding historically such as small multi-family apartment buildings, mixed-use buildings, vacant lots and new construction catalytic sites.

Hernandez said the LISC representatives presented on the "whys" (that is, why this project is important) and Bango will discuss the "hows," the specifics (that is, how this project will be successful)

Bango discussed the selection and scoring of projects for CHIF money (developer, neighborhood impact, development factors) process. Bango thanked everyone involved in this project: council, the Bibb administration, and LISC. Bango shared some of the city's potential benefits (for example, access to low-cost capital in overlooked markets).

Epstein said this fund is designed to bring private investments to historically redlined neighborhoods.

Committee chair Griffin said council has detailed questions about this project and many council members have said they need more time to consider the presentation part of conversations that contribute to enlightenment.

Griffin said he wants to be clear on how much affordable housing is intended. Griffin said he feels that housing available at 60% of AMI is more affordable than 80% to 100% AMI. Epstein said 60% AMI or under would need more subsidies.

Bango said what a market can bear is also a significant factor. The fund planners are discussing putting a percentage of the fund toward for-sale housing. Doing so needs the right partnership such as the Cleveland Housing Network and Habitat for Humanity, Bango said. [Modular housing](#) that can cut costs 20% is also an option.

Durr said mixed-income housing provides a workable path to subsidizing the lower-income units in the structure. Durr said LISC has a focus on increasing housing supply, which she said is one of four components of increasing homeownership. The other three are downpayment assistance, mortgage help, and financial and technical support.

Co-chair Hairston asked the presenting panel to elaborate on owner-occupant goals and aspects of this project. Williams said they look at multi-family and single-family homes and condos for owner-occupant opportunities.

Council Member Polensek shared his home-buying experience. He said he applied for a

loan from KeyBank to buy his deceased neighbor's property and was denied. He said he wants to see owner-occupied housing with these new developments. Polensek said the Community Reinvestment Act needs to be enforced. He said he wants Glenville, Lee-Harvard and other ignored areas to no longer be ignored.

On the homeownership front, Hernandez said, "We have to spark the market first." Hernandez said a homeowner does not want to buy a home that is surrounded by non-viable buildings and houses (unkept lots and abandoned storefronts, buildings and houses).

KeyBank representative Shanelle Smith Whigham presented. She said she is a Glenville resident. She said KeyBank is the No. 2 lender in the country for affordable housing. She named some of the bank's contributions, such as \$22.6 million for Garrett Square Senior Apartments in Glenville, \$18.1 million for a project in Slavic Village, and \$31 million in the Carnegie Tower at Fairfax. These were a few of many more KeyBank investments in the Cleveland area Whigham described.

KeyBank is set to commit \$20 million to the CHIF.

She said KeyBank has seen a 231% increase since 2020 in lending to the Black community in the Cleveland area (5.7% to 18.9%). She said she lives in a home across from a vacant building, but she said her homeownership is a start toward her investment into the neighborhood. She thanked Council Members Griffin, Jones and Gray for taking the KeyBank CEO on a tour of Cleveland neighborhoods that can benefit from viable development and new homeownership.

Council Member Harsh asked what LISC's administrative cost is. Durr said 2% on top of capital cost.

Council Member Kazy asked where LISC offices are in Cleveland. Williams responded that they are working remotely for Cleveland but plan to have an office on the East Side by the end of the year.

Kazy asked for a timeline for raising funds and initiating projects. Durr confirmed it could take five to seven years, but projects could take more or less time. Durr said deal readiness and the actual funding process are factors.

Kazy asked Epstein: How is the City of Cleveland's \$18 million contribution going to be allocated and disbursed? Epstein said it would be disbursed proportionally to additional money raised for the fund by LISC. Ready-to-go projects could accelerate release of the

money. Kazy also asked how much of the city's contribution would go to projects on the Southeast Side. Epstien said \$3 million.

Half of KeyBank's commitment is a loan. Kazy asked if that \$10 million of the agreement can be forgiven. Whigham said she could not answer that right now.

Council Member Starr said every stakeholder who signs off on these projects needs to be held accountable to the fullest degree and there must be consequences when promises are broken. Starr said KeyBank should already be doing this for redlined communities without council approving \$18 million. KeyBank needs to be a supporter. He said the National Community Reinvestment Coalition [flagged KeyBank](#) for lack of lending to Black borrowers. He said PNC and Huntington banks have better track records lending to historically redlined areas.

Council Member Jones said that, in the 1990s, under Mayor Michael White's administration, homes were being built in all of Cleveland's neighborhoods. Jones said after 2006, Southeast Side development dried up and that drought continues.

Jones commended Community Development Director Hernandez for all that she has done since coming onboard with the City of Cleveland. Jones said we can't expect people to move to Cleveland if we don't offer them good products (housing, education, good school systems). Jones said he appreciates KeyBank's positive shift. Jones said it's all hands on deck if we expect true Cleveland growth.

Council Member Mauer said she appreciates what KeyBank is bringing to the table. Mauer asked for next steps and timeline details. Griffin said internal conversations need to take place first.

Council Member Gray shared a story about KeyBank. Gray said she worked for KeyBank for 12 years. She said everything she learned and knows about finance came from KeyBank. Gray said KeyBank helped her buy the house that she's been in for 29 years. Gray said what KeyBank taught her still benefits her financially to this day. Gray said even with KeyBank issues, challenges and shortfalls, it is still good for the community. She said currently she wants to see KeyBank invest in young members of Cleveland communities.

Whigham discussed a forthcoming community reinvestment initiative between the city and banks. She said they got feedback from the community for the parameters of the initiative. One separate incentive KeyBank provides is \$5,000 toward closing costs for home purchases in specific areas.

Council Member McCormack also commended Hernandez for all of her and her team's

work. He said he supports this proposal. McCormack also commended Whigham for her positive community contribution. He congratulated her on her [federal consumer-related appointment](#).

The joint committee decided to assign the ordinance solely to the Development, Planning and Sustainability Committee for further action. Griffin left the door open for council to revisit the piece at its Aug. 7 Committee of the Whole meeting.

**[746-2024 AN EMERGENCY ORDINANCE](#)** To remove certain parcels of property from the [Shore-to-Core-to-Shore TIF District](#) created by Ordinance No. 38-2024, passed March 25, 2024, pursuant to 5709.40(B); to declare certain improvements to real property to be a public purpose and exempt from taxation pursuant to Section 5709.41 of the Revised Code for an initial period of thirty (30) years; to require the owners of the improvements to make service payments in lieu of the exempt taxes; to determine that the real property is in a blighted area of an impacted city; to determine that the owners of the improvements will make service payments in lieu of taxes in an amount that will exceed \$1.5 million in a future year; to extend the exemption from taxation pursuant to Section 5709.51 of the Revised Code for an additional fifteen (15) year period; and authorizing the Director of Economic Development to enter into a Tax Increment Financing Agreement with Cleveland LD, LLC, and/or its designee, to redevelop Cleveland's riverfront.

Sponsors: Hairston, Griffin and by departmental request

Here are the [presentation sides](#).

Jeff Epstein, Cleveland chief integrated development officer; Tyson Mitchell, Cleveland Office of Equal Opportunity Director; Jessica Trivisonno, Cleveland senior advisor for major projects; and Bedrock project representatives presented.

Epstein said some of the goals are to successfully execute these projects while maintaining fiscal responsibilities.

Trivisonno said the Bedrock downtown riverfront project consists of \$3 billion of private investment. In the 3.5 million square feet of development area, plans include 12 acres of public open space, 2,000 residential units, and non-residential uses.

Epstein discussed the community benefits agreement scorecard born out of [legislation passed in 2023](#). He said the Bedrock project is one of 10 to 12 projects scored so far, with Bedrock getting the highest score so far.

Director Mitchell said he supports this project. Mitchell said of the 2,000 units, 400 will be affordable, with 220 of them at 60% AMI (Area Median Income) and 180 of them at 60% to 100% AMI.

Chair Griffin asked presenters for detailed explanation to the public and council for “AMI”. Epstein said, for example, a unit available at 60% AMI would be restricted to a family of four whose income is \$58,320 or less. 60% AMI monthly rent for a one-bedroom would be \$1,167.

Public Comment from Norm Edwards: He said he was told that he was no longer needed by Bedrock. He said Bedrock is for Bedrock and not the Black and Hispanic community.

Griffin asked about the neighborhood investment fund, one of the promised community benefits by Bedrock. Epstein said the first \$5 million could come within the next three to six months.

Epstein said the Bedrock project will drive subsequent investments.

Hairston said the community is concerned about lasting benefits for the community. He said he would like the \$5 million promised to a minority business credit fund to grow to \$10 million. He said this will help Black and brown contractors.

McCormack said he supports the project. He said one of the community benefits would be that the project would be opening up the waterfront to the community. McCormack said the commitment to ensuring 40% of vendors on the project are minority- or women-owned or Cleveland small businesses is historic.

Starr asked if it is known what the max amount of bond funding can be without affecting the city’s credit rating. Trivisonno said the city’s credit rating would not be affected by bond funding for this project.

Starr said his only concern is with retail space and retail industry. Starr asked how this investment will continue to generate funds. Epstein said keeping focus on creating a space that people want to work and live in is a significant part.

Epstein presented on the Bedrock Project TIF. He said it would be a 45-year TIF starting in 2027 and ending 2071 and would consist of 12 to 14 buildings. Area is 35 acres.

Epstein said the land for this project was part of the shore-to-core-to-shore TIF district approved by council earlier this year. He explained that a proposal can’t be both a specific TIF project and part of a TIF district. This legislation, in part, removes the

riverfront land from the district.

Conwell said this project needs to be efficiently monitored and controlled. He also is concerned about women and the Black community's investment in this project, especially as workers. Conwell said he's seen similar projects that left out women and the Black community and investors. If this project follows suit, he will protest this project as well, he said.

Mitchell said oftentimes a minority business is awarded a contract that does not hire minority workers. He said the city and project stakeholders need to encourage minority businesses that are awarded contracts to hire qualified workers who look like them. Mitchell said he would also ensure that supplies and materials are purchased locally whenever possible.

Conwell said he is concerned about the instruments used to come up with the numbers presented to the committee and council. Griffin requested that the project proposal team provide a detailed report of how instruments are used to come up with the numbers.

Jones said he appreciates the way this project was presented and proposed. He said he appreciates Bedrock owner Dan Gilbert's investment in the community and hopes that other billionaires do the same. Jones said one of the reasons he supports the project is that it takes care of the homefront. Jones asked about how this project will contribute to the workforce. "Will there be funds that council controls? EEO Director Mitchell said he will ensure equity. Jones said he appreciates the checks and balances for this project. Project presenters said their project will serve as a model for future sizable projects.

Polensek said he represents a diverse ward. He said he is concerned about promises made not being kept. He said, for example, the Gateway project promised 28,000 jobs. He is still waiting for that promise to be met. Polensek said that Cleveland is one of the poorest major metropolitan cities in the country. He asked if council can depend on the project allowing for small and minority business contracts and investments. Project representatives said yes.

Polensek also expressed concern about how the decisions made today will affect the city and community 45 years down the road. He said Bedrock needs to deliver.

Maurer said the community benefits agreement needs to be included in the legislation itself. She said she's seen projects like this provide for union building jobs for the projects but not long-term sustainable jobs for families after the project is completed.

Harsh said the goal should always be what will provide an environment where people



can live, work and play. He asked how much of the \$400 million investment in bonds from the city will be from the General Fund. Epstein said \$0. Harsh said the tax dollars can build the city's base, and 60% of the city's general revenue comes from income tax collection. Downtown Cleveland and University Circle are the only two areas of the city that make money because both areas are where a significant number of people come to work, he said.

Kazy asked if there has been an ethics process involved regarding the former city CFO's involvement on this project. Epstein said he'd defer to the Law Department but added that the CFO was removed from discussions about this project once it became a possibility he would leave the city. They will follow up regarding this. *[Editor's note: Former CFO Ahmed Abonamah recently [took a job](#) as the Cleveland Cavaliers CFO. Dan Gilbert, owner of Bedrock, also owns the Cavs.]*

Kelly asked for meeting members to visit the 35-acre site. He said the project is going to be phenomenal.

The committee approved the legislation. It awaits full council's final approval.

Meeting adjourned at 5:41 p.m. Next meeting Aug. 7.

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