

A photograph of a residential street in Cleveland, Ohio. The scene shows a row of three-story houses with light-colored siding and green roofs. A concrete sidewalk runs along the front of the properties, with a utility pole in the center. The houses have various architectural details like gables, dormers, and porches. The sky is overcast. Large, bold, light blue text is overlaid on the left side of the image.

CLEVELAND MIDDLE NEIGHBORHOODS

Strategies to stabilize communities at their crucial tipping point

Middle Neighborhoods Field

Jason Powers, Project Director Cleveland Middle Neighborhoods Initiative

- ▶ Alan Mallach, Senior Fellow Center for Community Progress
- ▶ Paul Brophy, Principal Brophy & Reilly, LLC
- ▶ Charles Buki, Principal *czb* LLC

PARTNER/PEER CITIES:

Baltimore, MD

Detroit, MI

Chicago, IL

Akron, OH

Des Moines, IA

Rochester, NY

Erie, PA

Buffalo, NY

Plano, TX

Pittsburgh, PA

Presentation Agenda

- What is a Middle Neighborhood?
- What is a Middle Neighborhood in Cleveland?
- How do we identify a Middle Neighborhood?
- How do we stabilize and grow Middle Neighborhoods; develop policies?

Baseline Understandings & Strategies

- **Public subsidy is scarce** & subsidies alone cannot create a market
- We must **create conditions for investment** to occur and leverage that private investment
- In distressed markets, **build from strength** by investing near strong assets

Baseline Understandings & Strategies

- With limited resources we must concentrate efforts in places where we can see the **greatest impact**.
- The best decisions are based on the sound and **objective analysis** of quantitative and qualitative data

What is a Middle Neighborhood?

What is a Middle Neighborhood in Cleveland?

How do we identify a Middle Neighborhood?

How do we stabilize and grow Middle Neighborhoods?



What is a Middle Neighborhood?

“Not in deep distress, but not thriving either.”

- Paul Brophy

“Middle neighborhoods are neighborhoods that have retained a respectable measure of both their physical and social fabric, are not or not yet areas of highly concentrated poverty or hyper vacancy, and where stabilization and gradual improvement remain realistic strategies.”

-Alan Mallach



Distressed
Neighborhoods

Federal Funding and
Programs



Middle Neighborhoods

Market Inefficiencies,
Deteriorating Housing



Luxury
Neighborhoods

Private Capital &
Market Rate



Declining Value

Minimal Investment

Redevelopment
Strategies Needed

Strong Market
Activity

Private Investment

Equitable
Development
Needed

Weak Demand, Limited Investment
Targeted Support can Spark Recovery

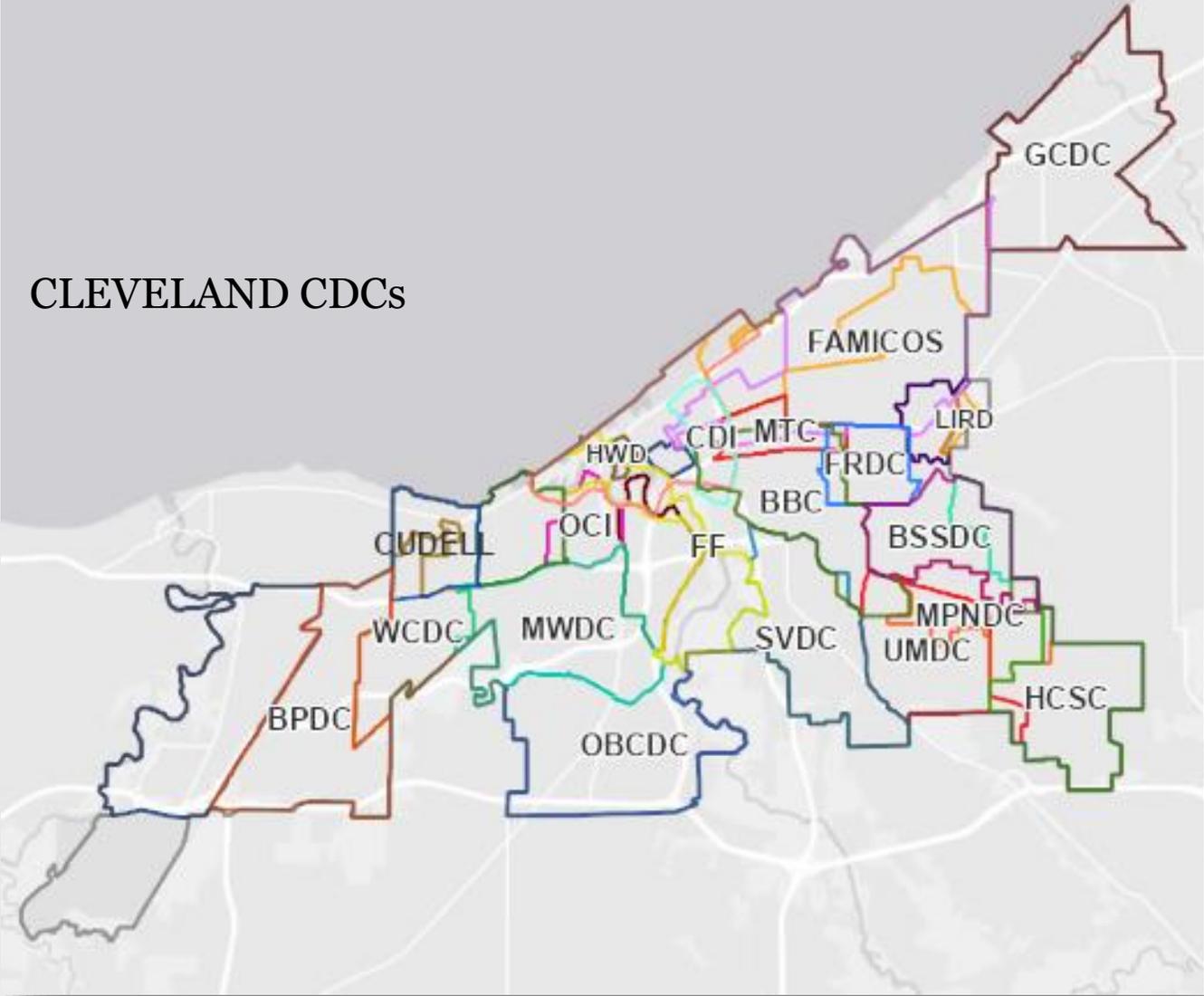
Defining “Neighborhoods”

CLEVELAND WARDS



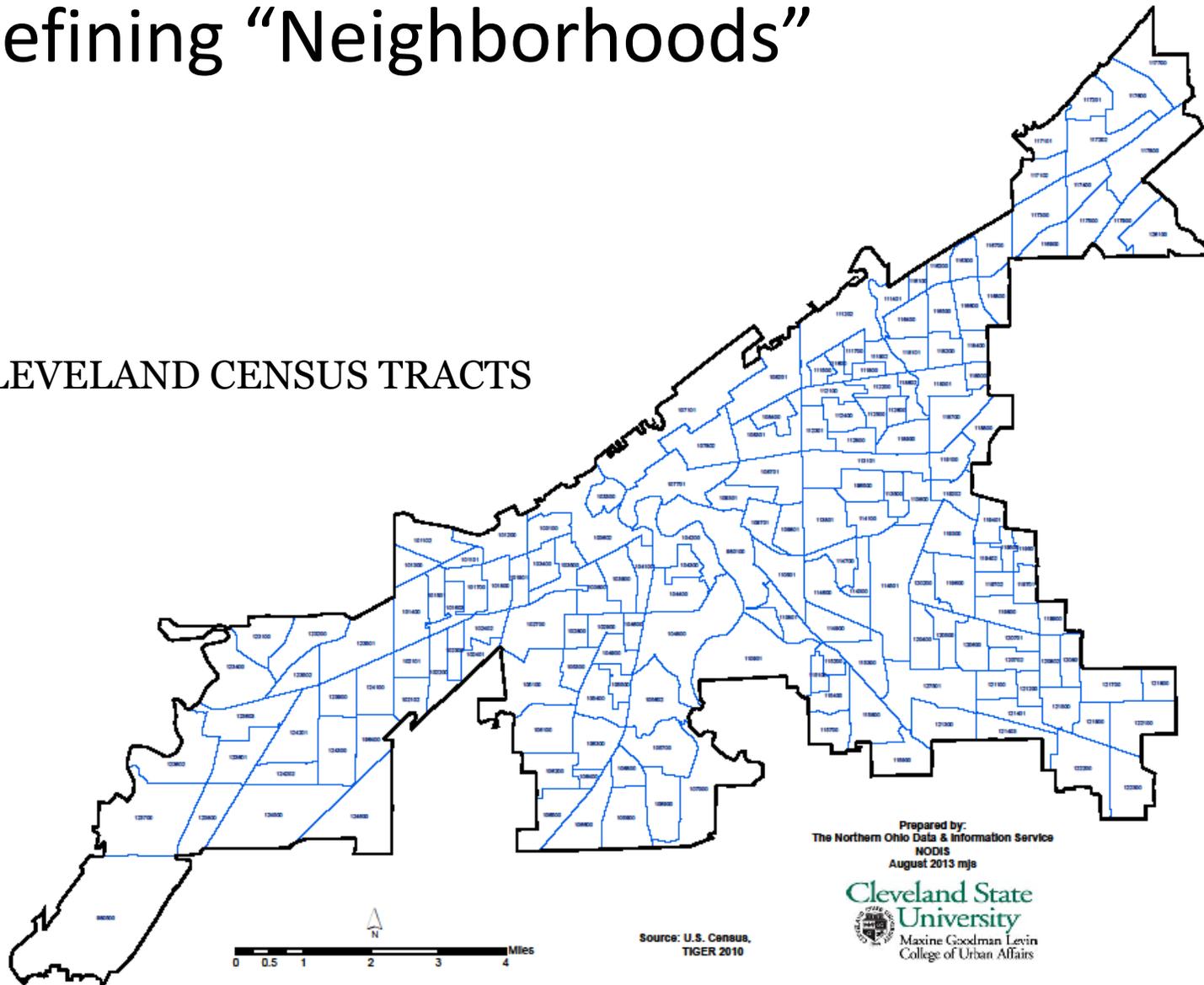
Defining “Neighborhoods”

CLEVELAND CDCs



Defining "Neighborhoods"

CLEVELAND CENSUS TRACTS



Prepared by:
The Northern Ohio Data & Information Service
NODIS
August 2013 mjs

Cleveland State University
Maxine Goodman Levin
College of Urban Affairs

What is a Middle Neighborhood?

What is a Middle Neighborhood in Cleveland?

How do we identify a Middle Neighborhood?

How do we stabilize and grow Middle Neighborhoods?



2019 Regional Property Sales (\$/ft²)

Data: NST, Zillow (non-estimates)

Cleveland Average: \$74
Regional Average: \$111

Select Suburbs

Solon: \$139
Shaker Heights: \$108
Beachwood: \$154
Lakewood: \$144
Strongsville: \$113
Chagrin Falls: \$154

Luxury Neighborhoods

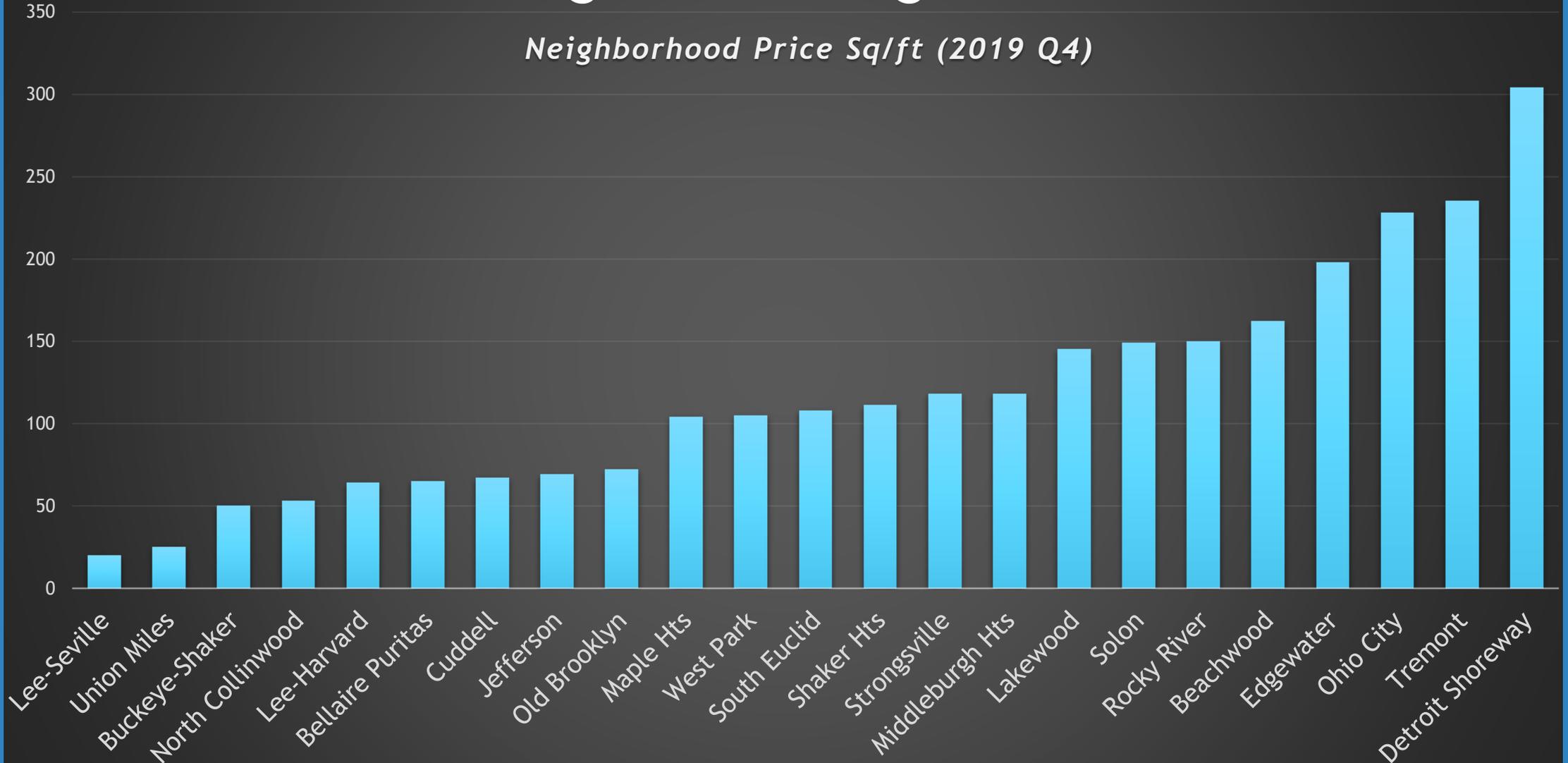
Ohio City: \$190
Tremont: \$226
Detroit Shoreway: \$305

Distressed Neighborhoods

Union Miles: \$30
Lee-Seville: \$24

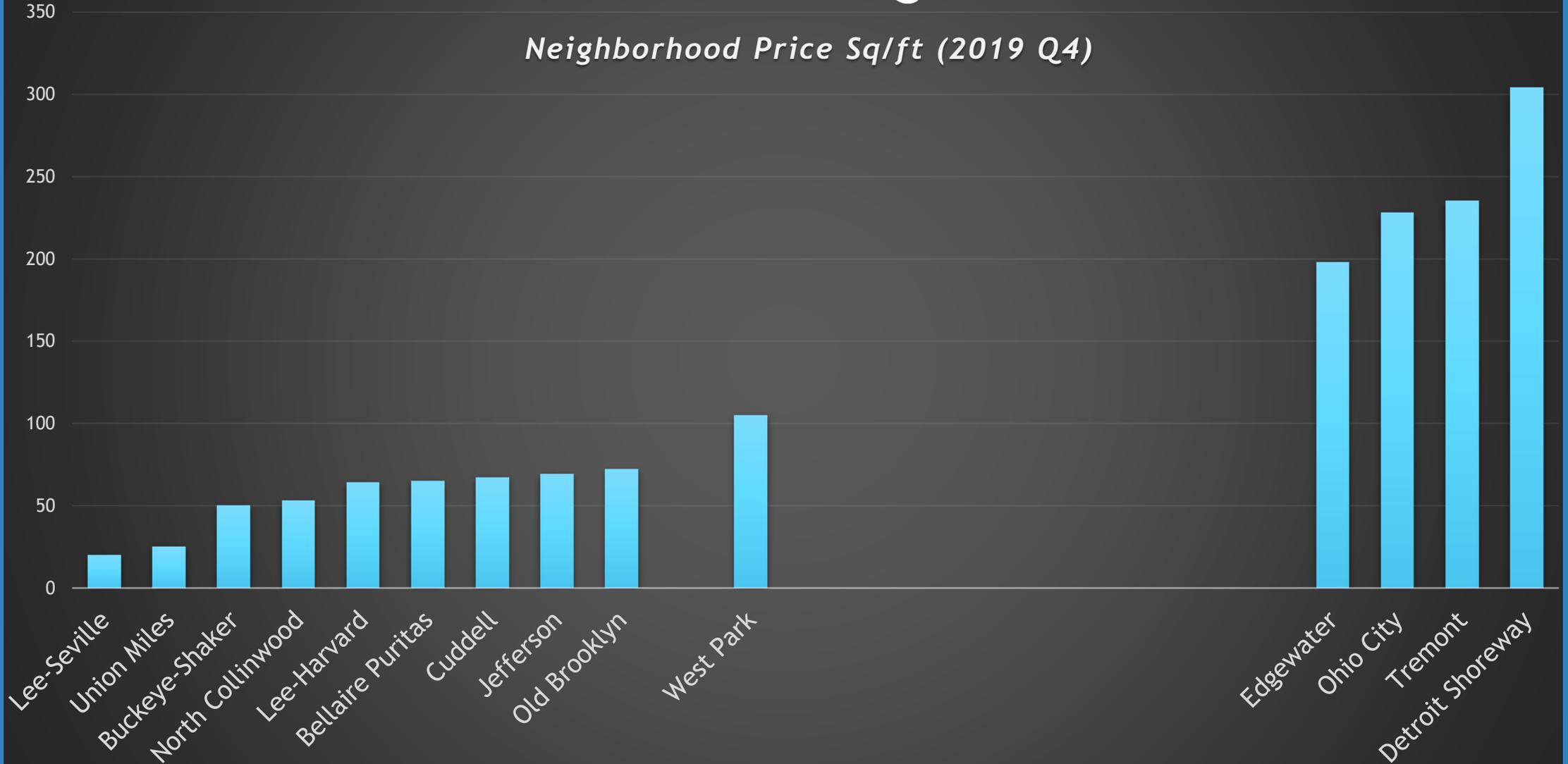
Regional Housing Market

Neighborhood Price Sq/ft (2019 Q4)



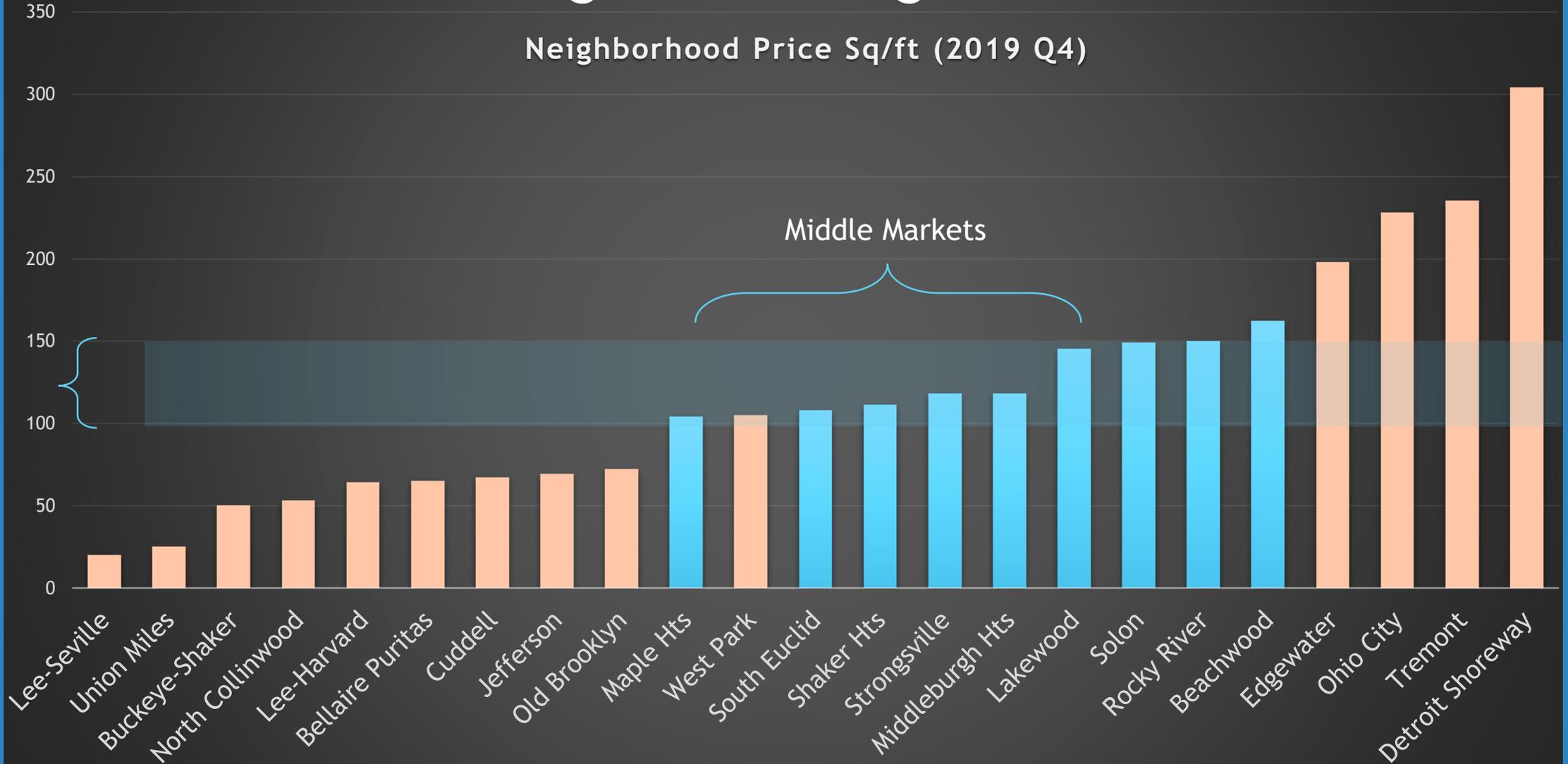
Cleveland Housing Market

Neighborhood Price Sq/ft (2019 Q4)



Regional Housing Market

Neighborhood Price Sq/ft (2019 Q4)



Growing	Vibrant Neighborhood
	Stable Market Rate
Vulnerable (Middle Neighborhoods)	Stagnant Market
	Threatened Neighborhoods
	Deteriorating, Subsidized
Critical	Severely Distressed
	Majority Vacant

What is a Middle Neighborhood?

What is a Middle Neighborhood in Cleveland?

How do we identify a Middle Neighborhood?

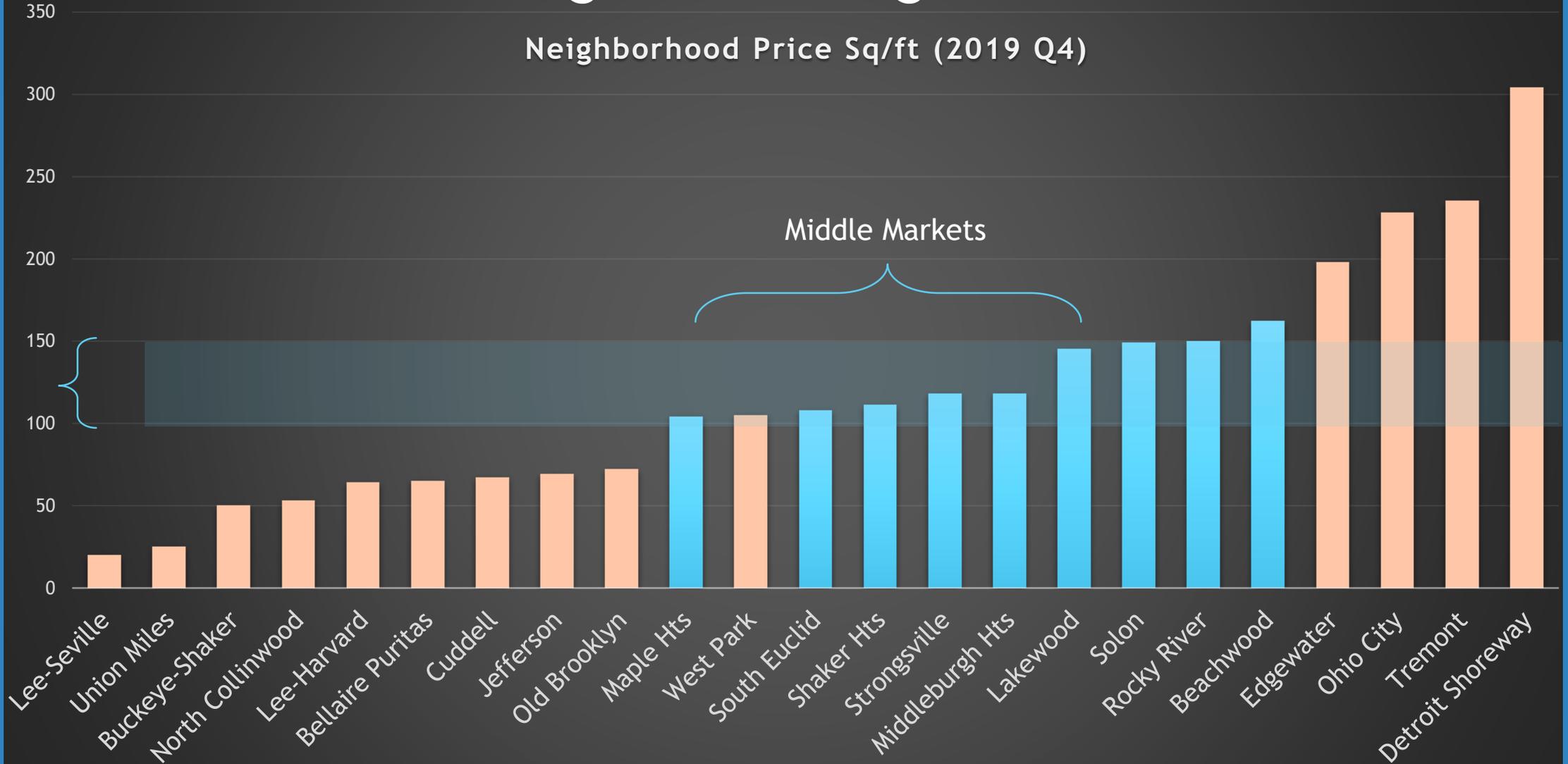
How do we stabilize and grow Middle Neighborhoods?

Next Steps



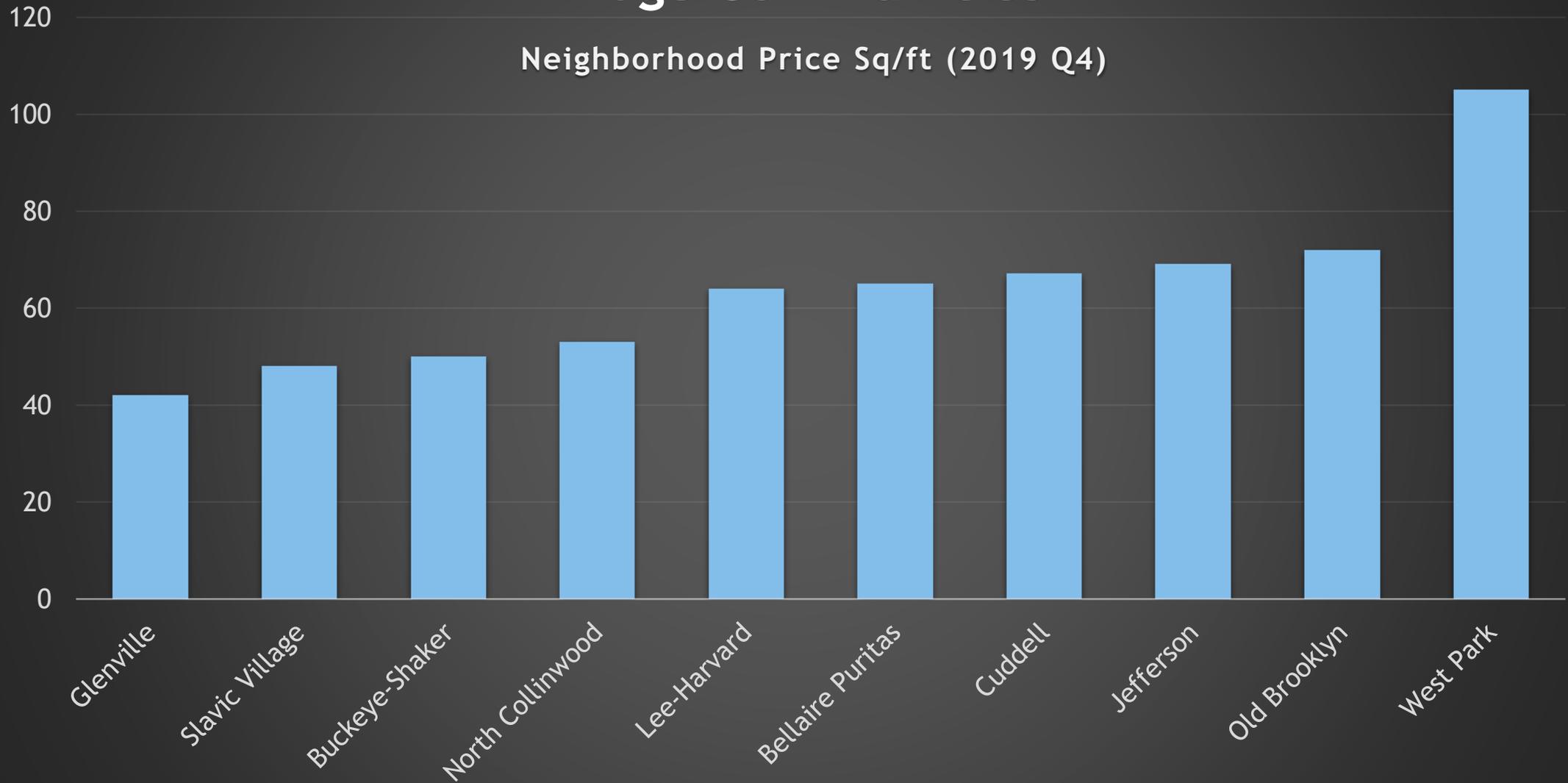
Regional Housing Market

Neighborhood Price Sq/ft (2019 Q4)



Edge Communities

Neighborhood Price Sq/ft (2019 Q4)

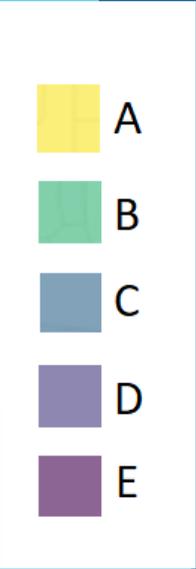
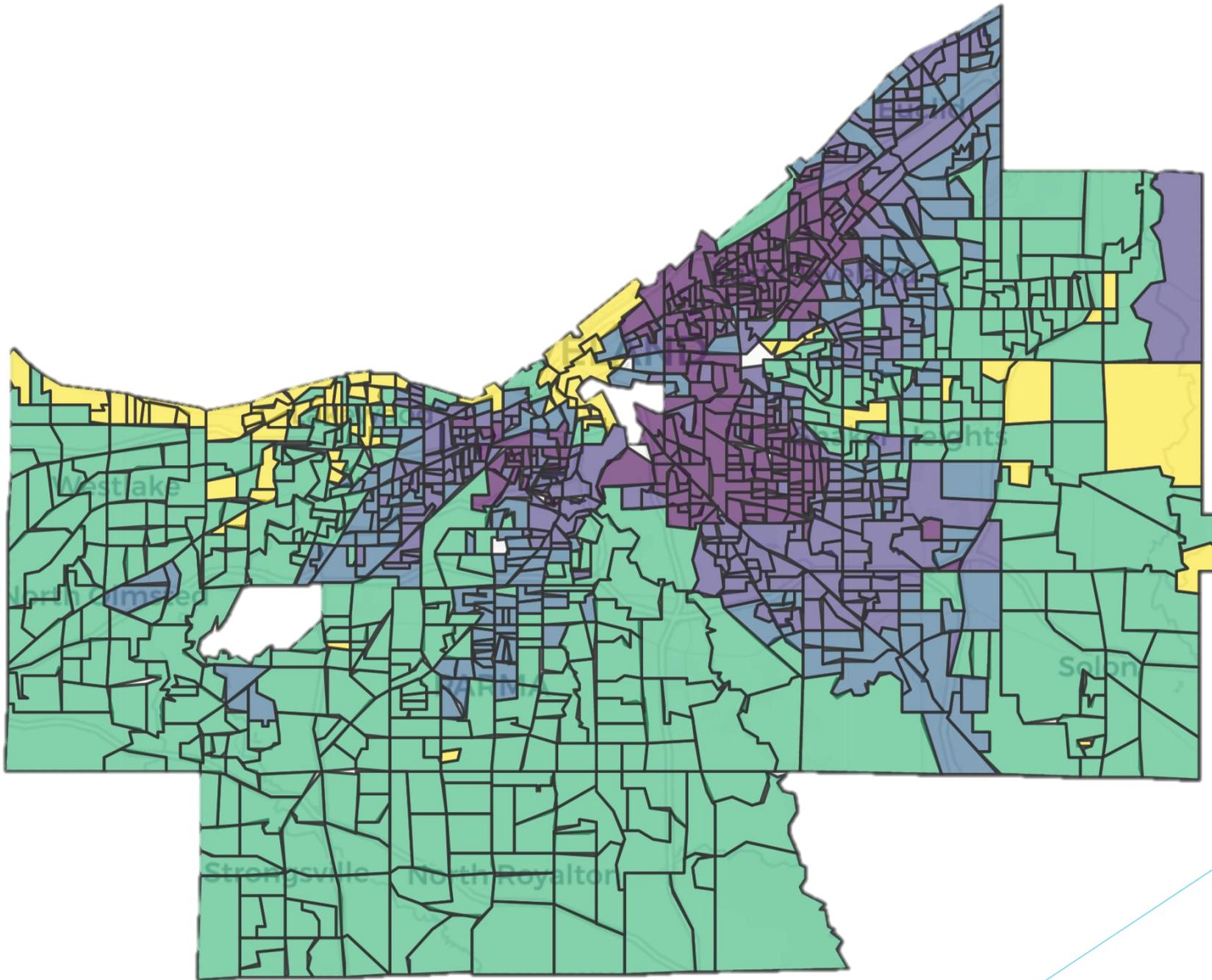


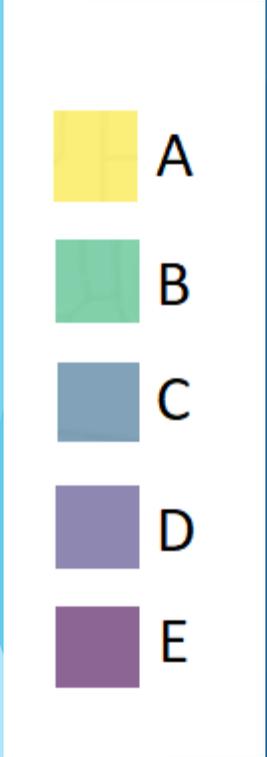
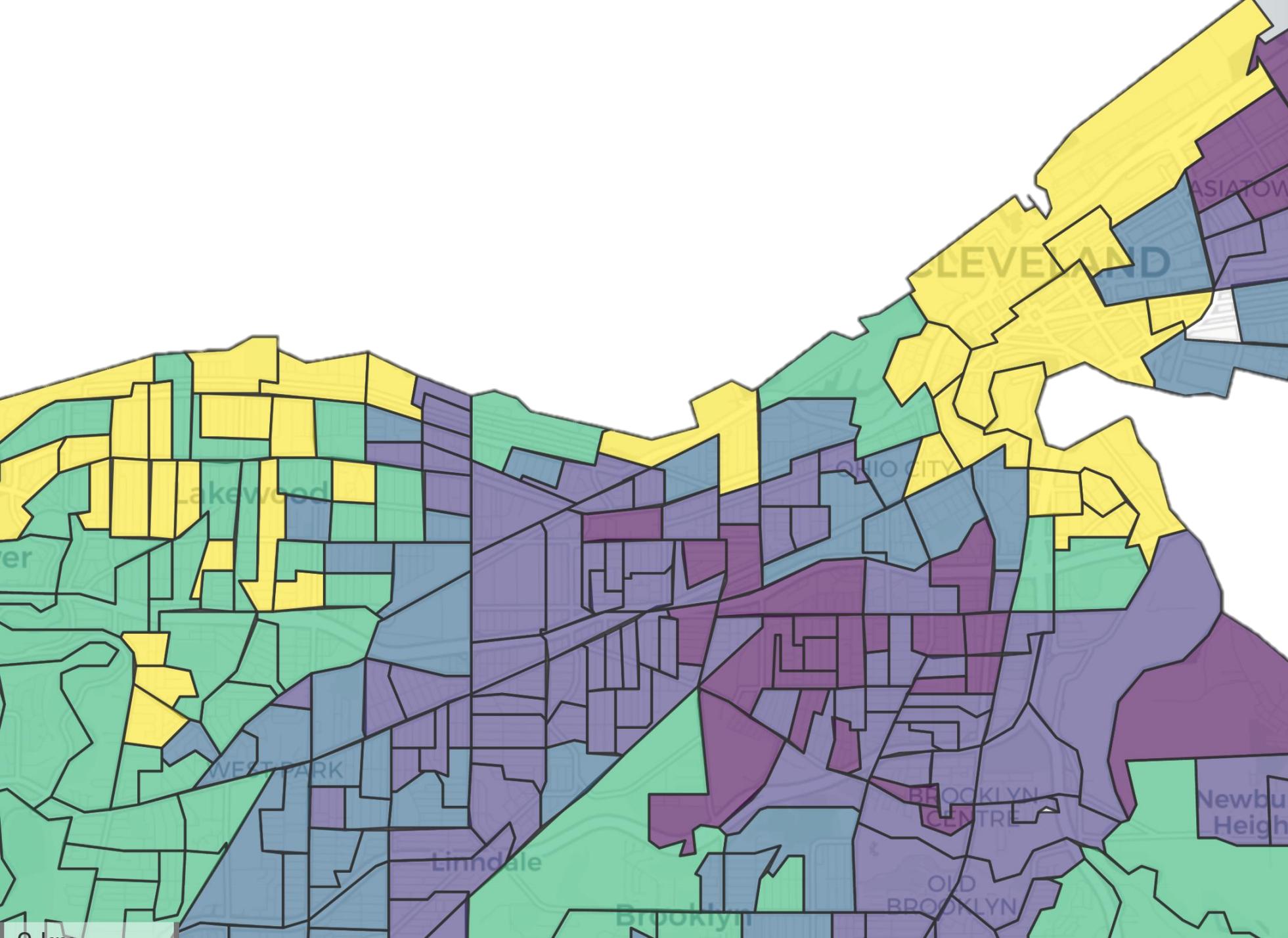
Cleveland Neighborhood Demand Index - (14) Indicators to be used to define clusters

Category	Indicator	Geography	Time frame
Housing sales and transfers	Median arms-length sales of residential properties	Block groups - County	2017-2019
	\$/SQFT2 (median)	Block groups - County	2017-2019
	Variation in median arms-length sales price of residential properties	Block groups - County	2017-2019
	Mortgage, tax, and BOR foreclosures on residential properties	Block groups - County	2017-2019
	Velocity of sales- how often properties turn over	Block groups - County	2017-2019
Other housing attributes	% probable rental, of residential properties	Block groups - County	2017-2019
	% vacant residential structures	Block groups - County	2017-2019
	% privately held rental properties with HCV, of residential	Block groups - County	2017-2019
	% subsidized housing/ project based section 8, of residential	Block groups - County	2017-2019
	% CMHA housing- housing estates owned by CMHA	Block groups - County	2017-2019
Land use	% Commercial (non- apartment)	Block groups - County	2017-2019
	% residential vacant land	Block groups - County	2017-2019
Housing investment/interventions	Demolitions	Block groups - County	2017-2019
	Permits >\$10k, new construction, and/or "rehab" permits	Block groups - County	2017-2019

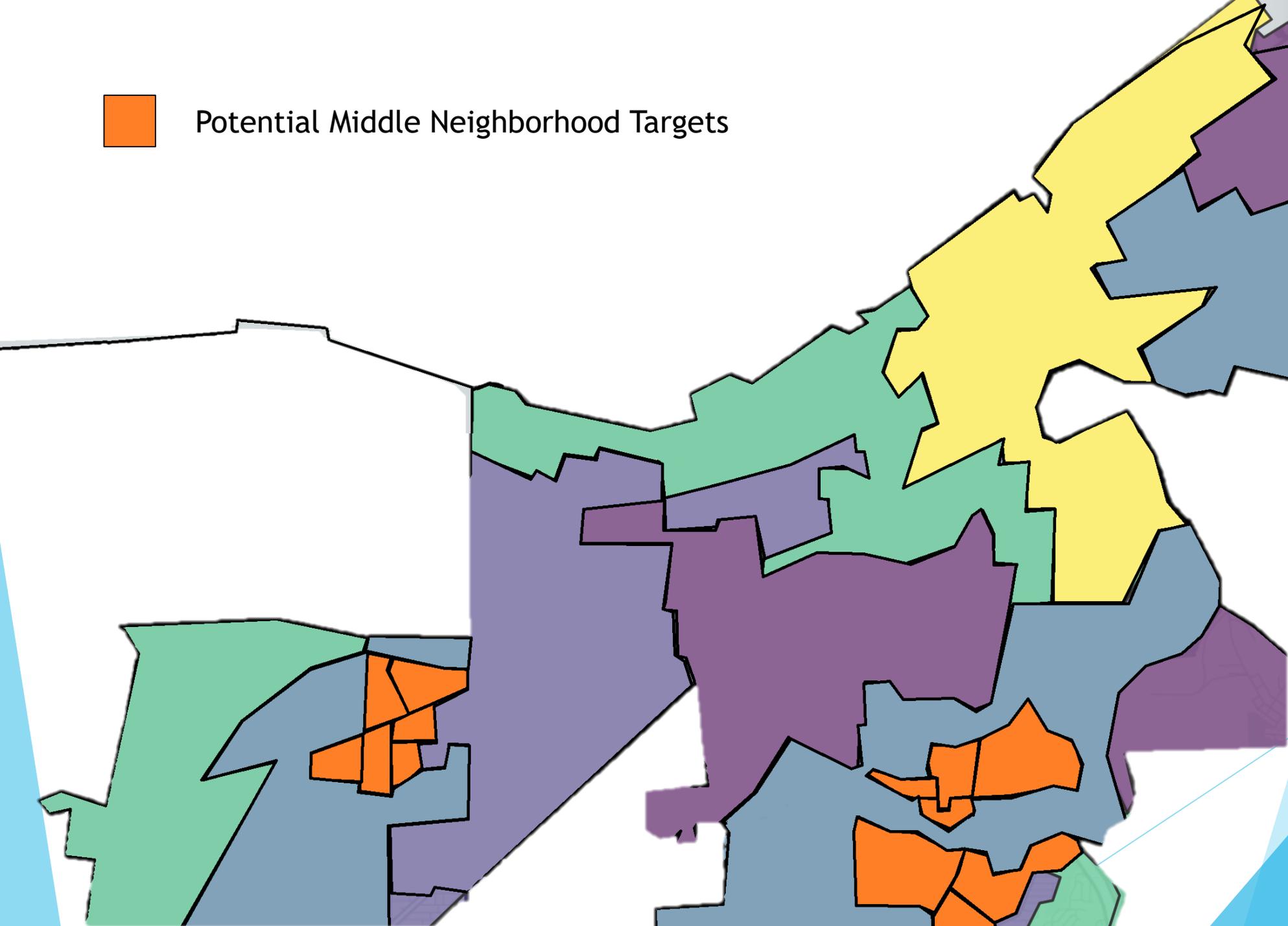
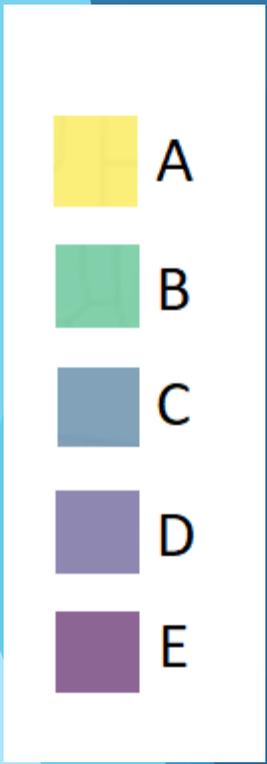
Neighborhood Demand Index (NDI)

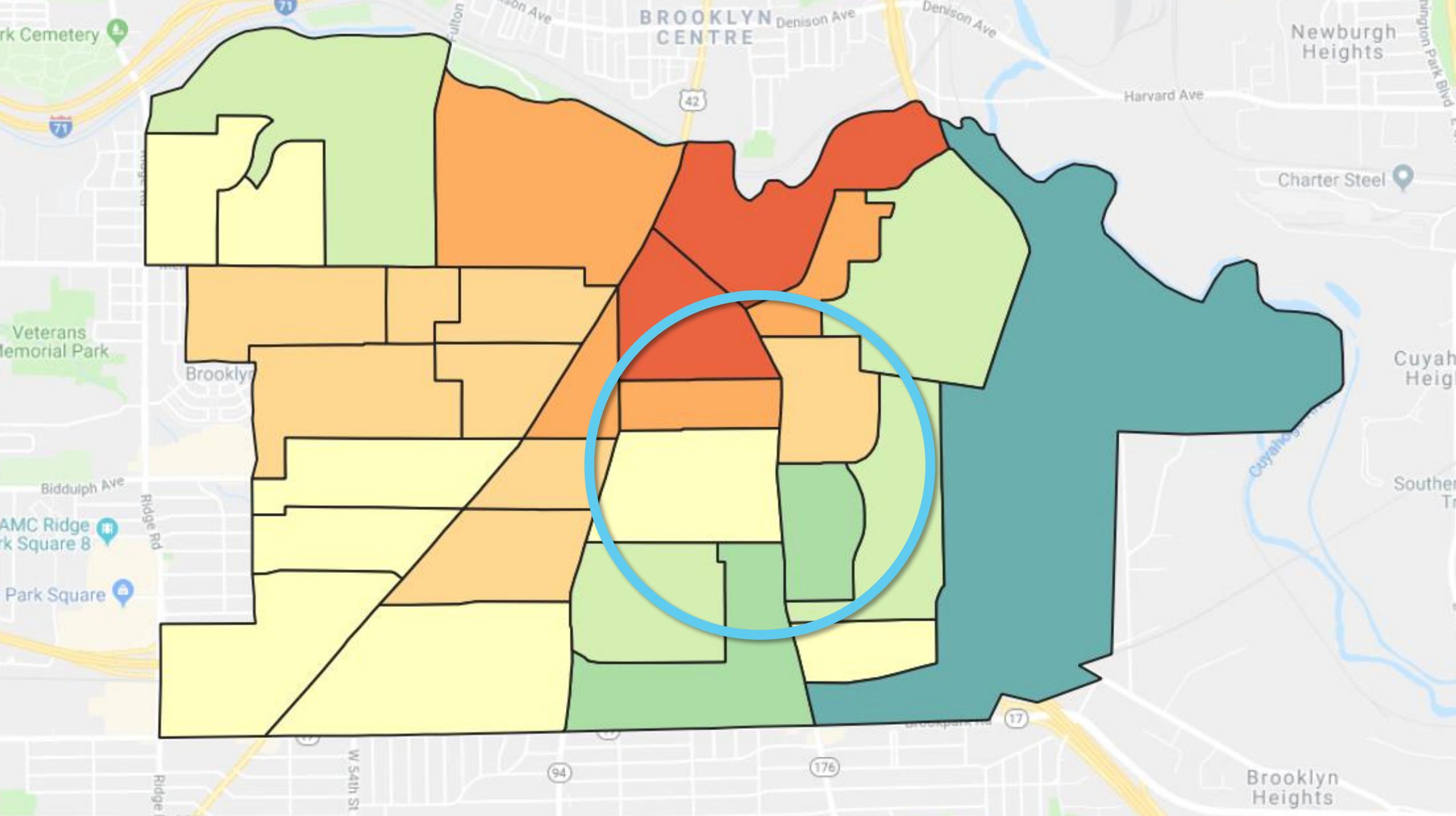
Cluster Letter	Number	Median Sales Price 2013q34 – 2016q12	Variance Sales Price 2013q34 – 2016q12	Percent Owner Occupied 2010 - 2014	Percent Residential Vacancy 2015	Percent Poor or Worse Condition Parcels	Percent Subsidized Housing Units	Percent Parcels With a Permit	Foreclosures as a Percentage of Sales 2013 - 2015	Density of Housing Units Per Sq. Mile
A	30	\$404,230	0.52	60.2%	1.8%	0.5%	1.5%	4.3%	9.2%	7,116
B	33	\$228,045	0.47	23.6%	2.3%	0.5%	1.8%	1.5%	9.9%	29,964
C	42	\$134,783	0.55	37.1%	4.7%	2.4%	7.8%	2.2%	25.3%	15,232
D	35	\$122,335	0.46	78.8%	2.1%	1.4%	5.6%	1.3%	28.5%	5,830
E	30	\$75,396	0.83	44.7%	7.1%	4.2%	4.0%	3.4%	21.0%	13,061
F	57	\$65,096	0.53	69.2%	4.1%	1.5%	8.5%	0.8%	49.0%	5,612
G	40	\$37,344	0.82	50.0%	8.9%	5.7%	14.5%	1.1%	54.0%	9,217
H	32	\$20,416	0.87	52.7%	12.4%	7.0%	25.4%	0.9%	62.8%	7,539
I	23	\$9,933	1.13	54.3%	14.5%	9.0%	22.7%	0.8%	48.4%	7,128

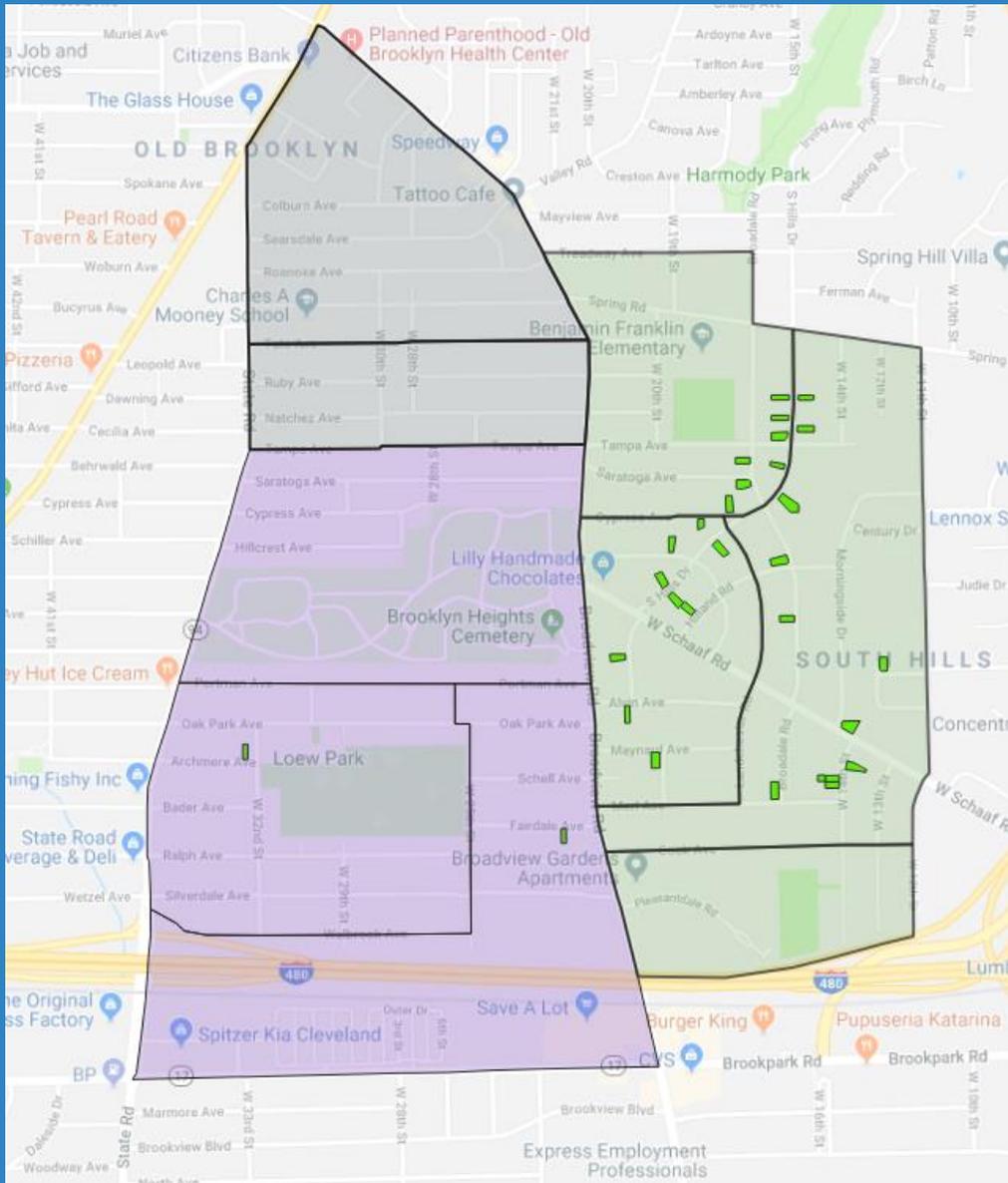




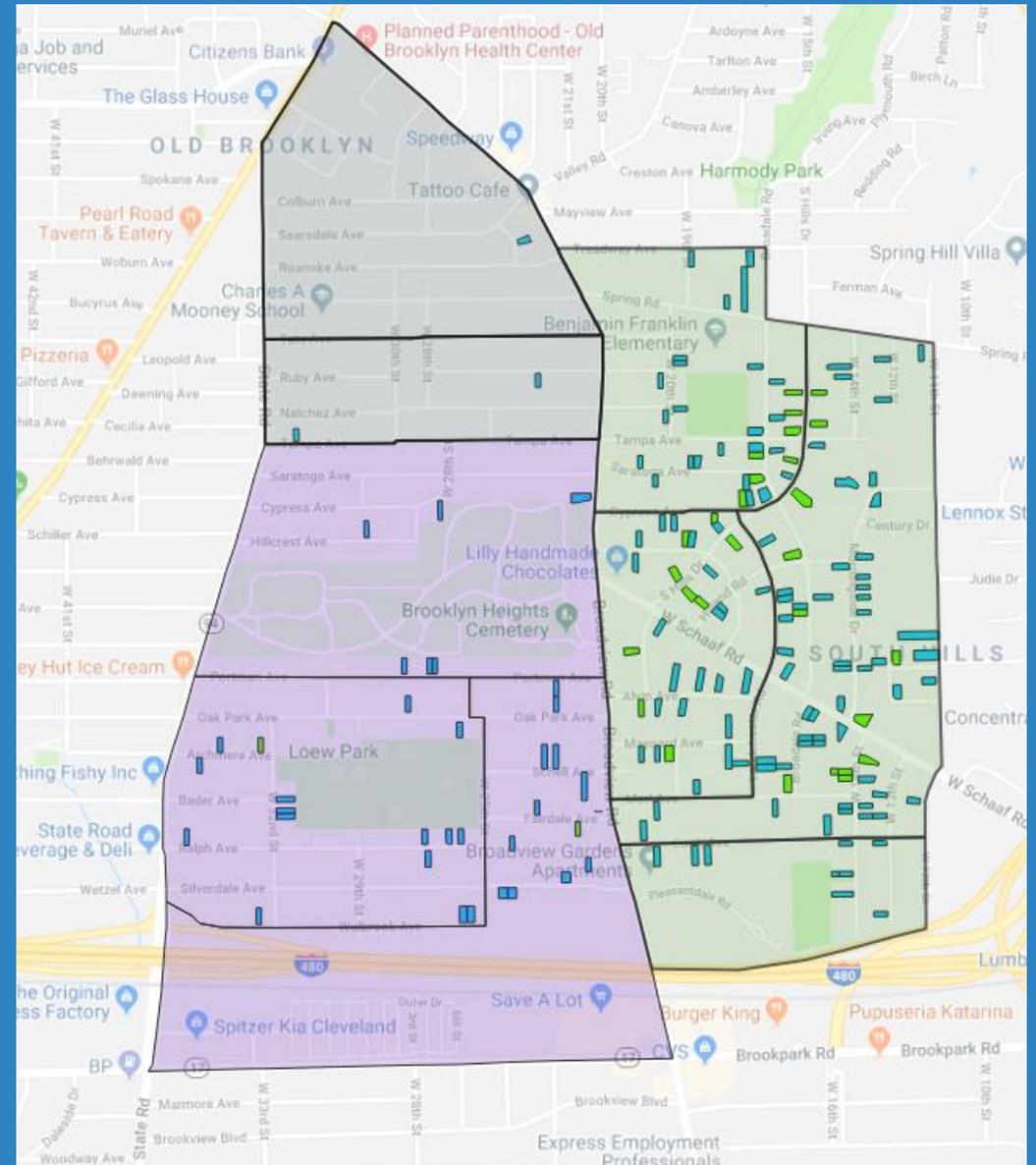
 Potential Middle Neighborhood Targets



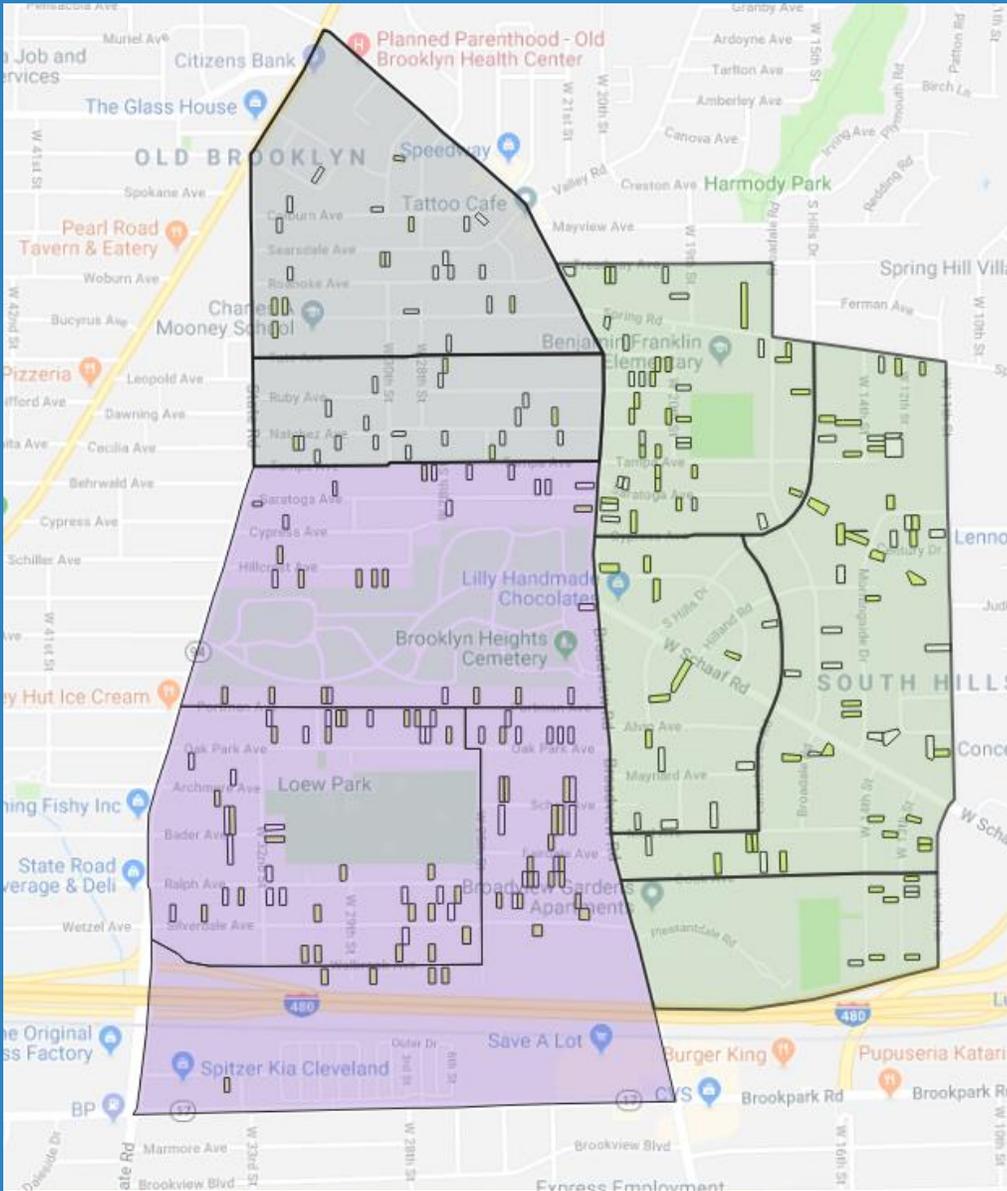




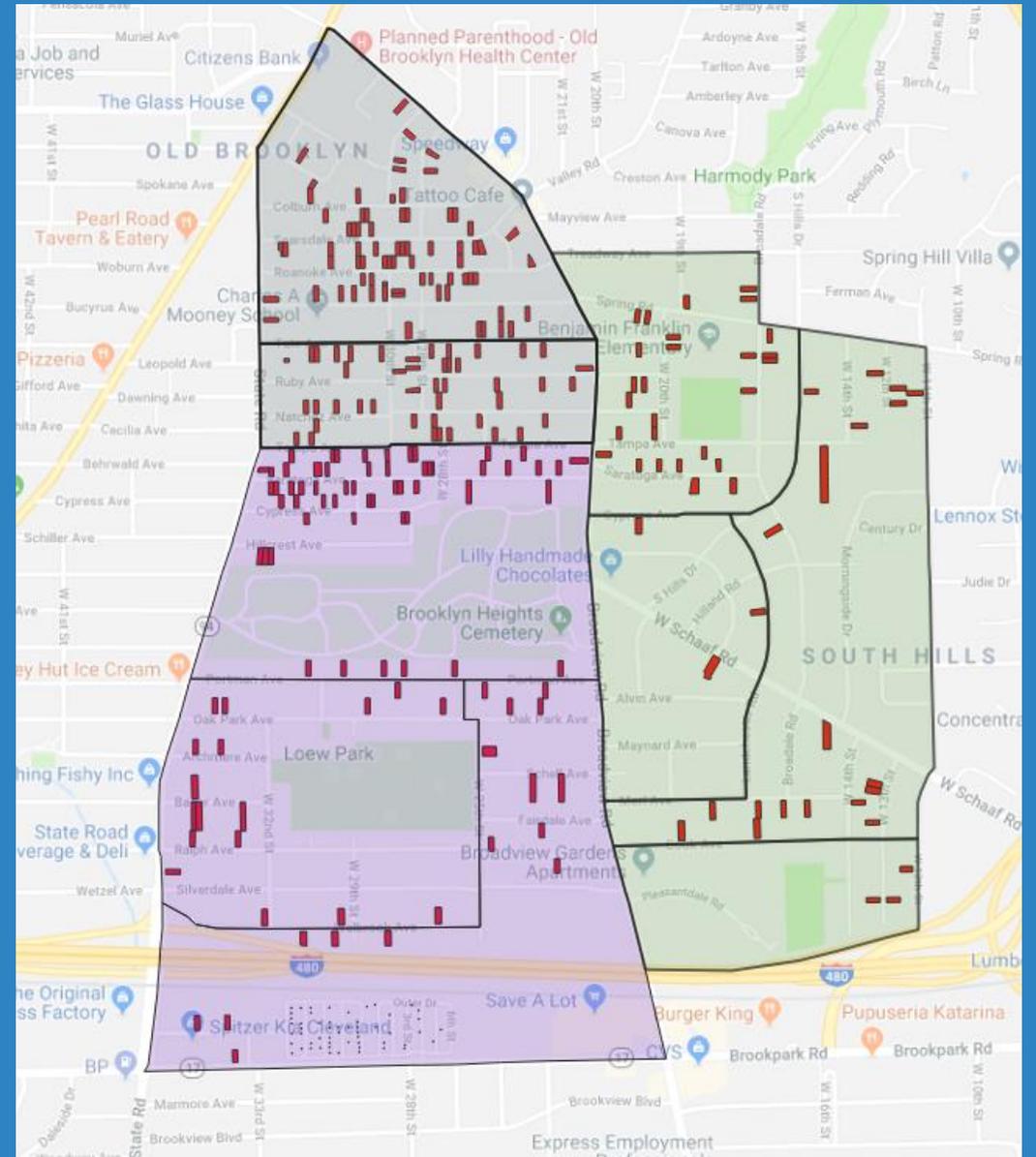
Homes Sold Over \$150K (Since 2014)



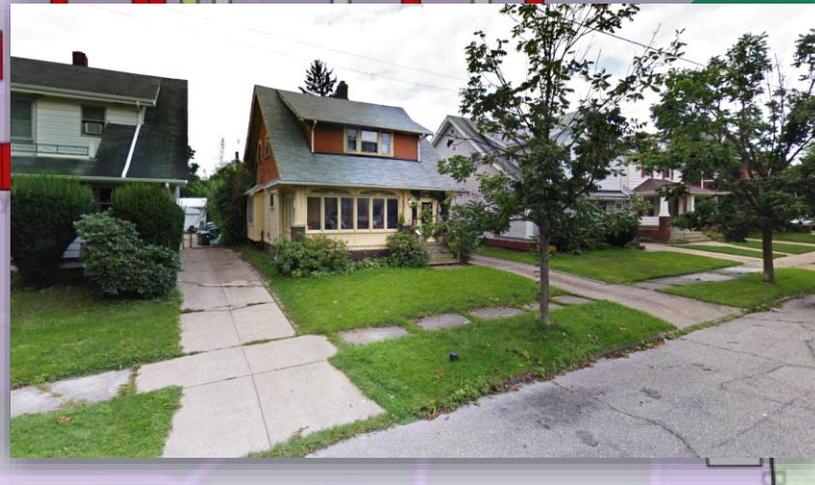
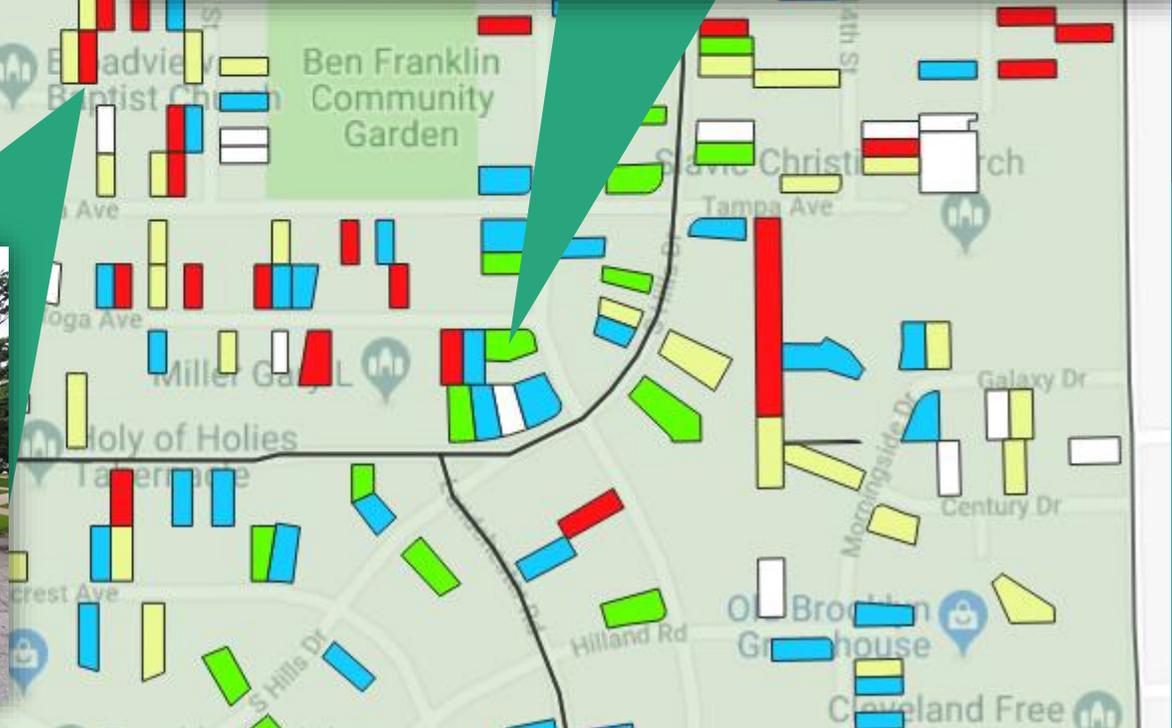
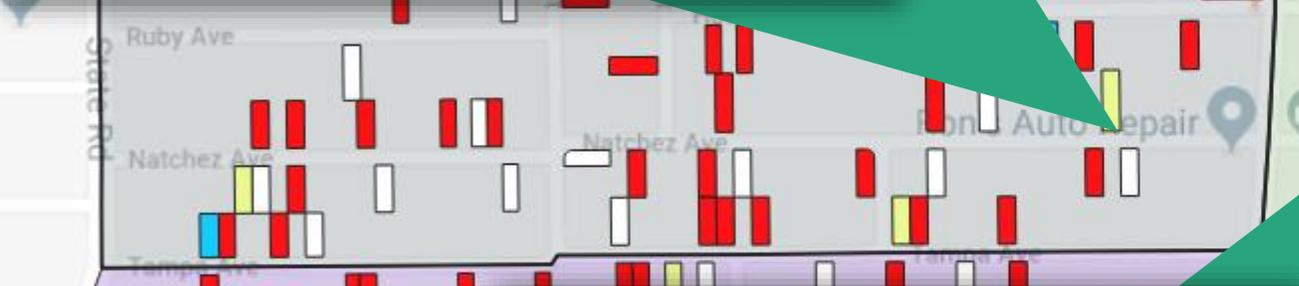
Homes Sold Over \$100K (Since 2014)

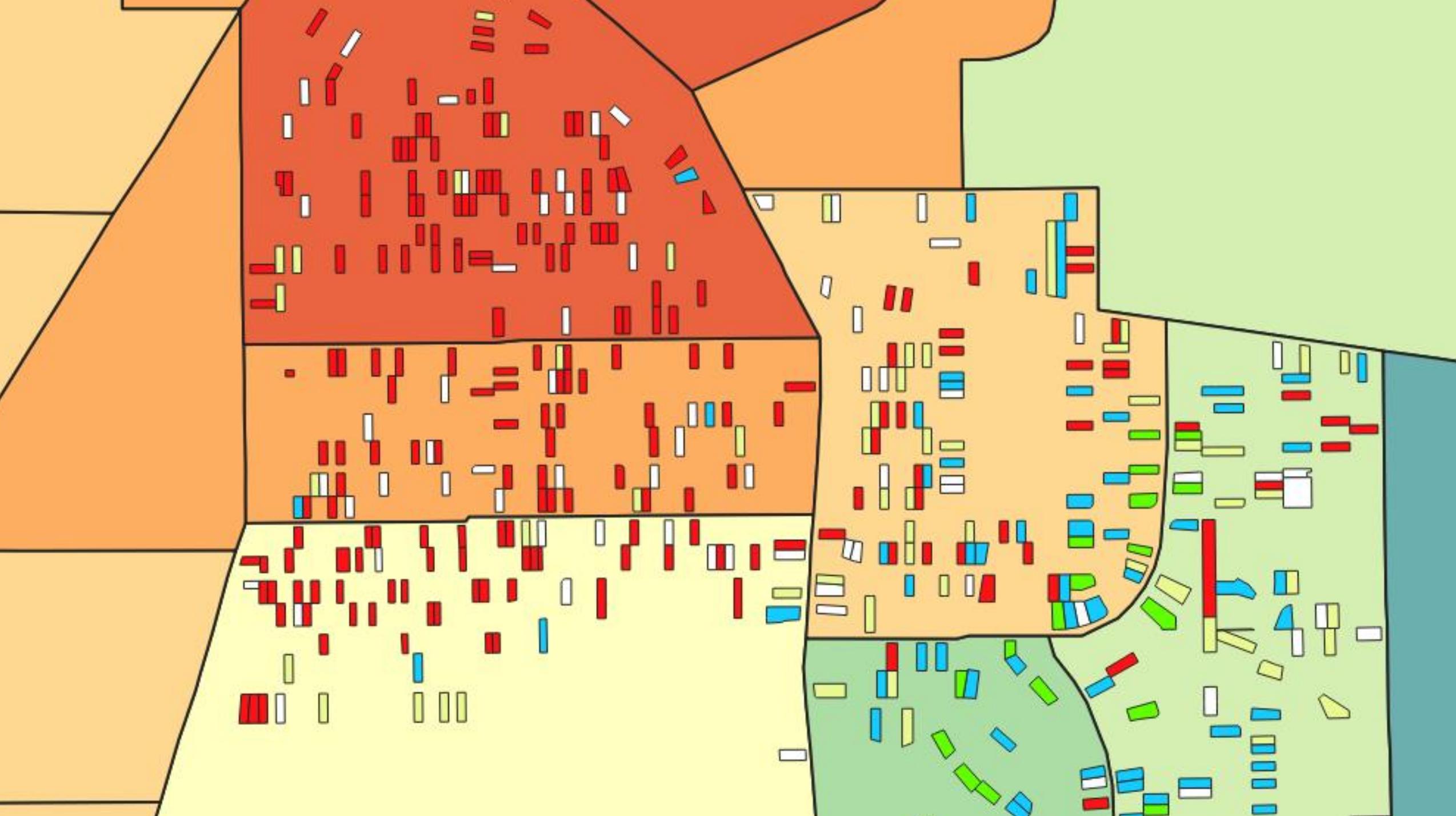


Homes Sold Between \$60K - \$100K



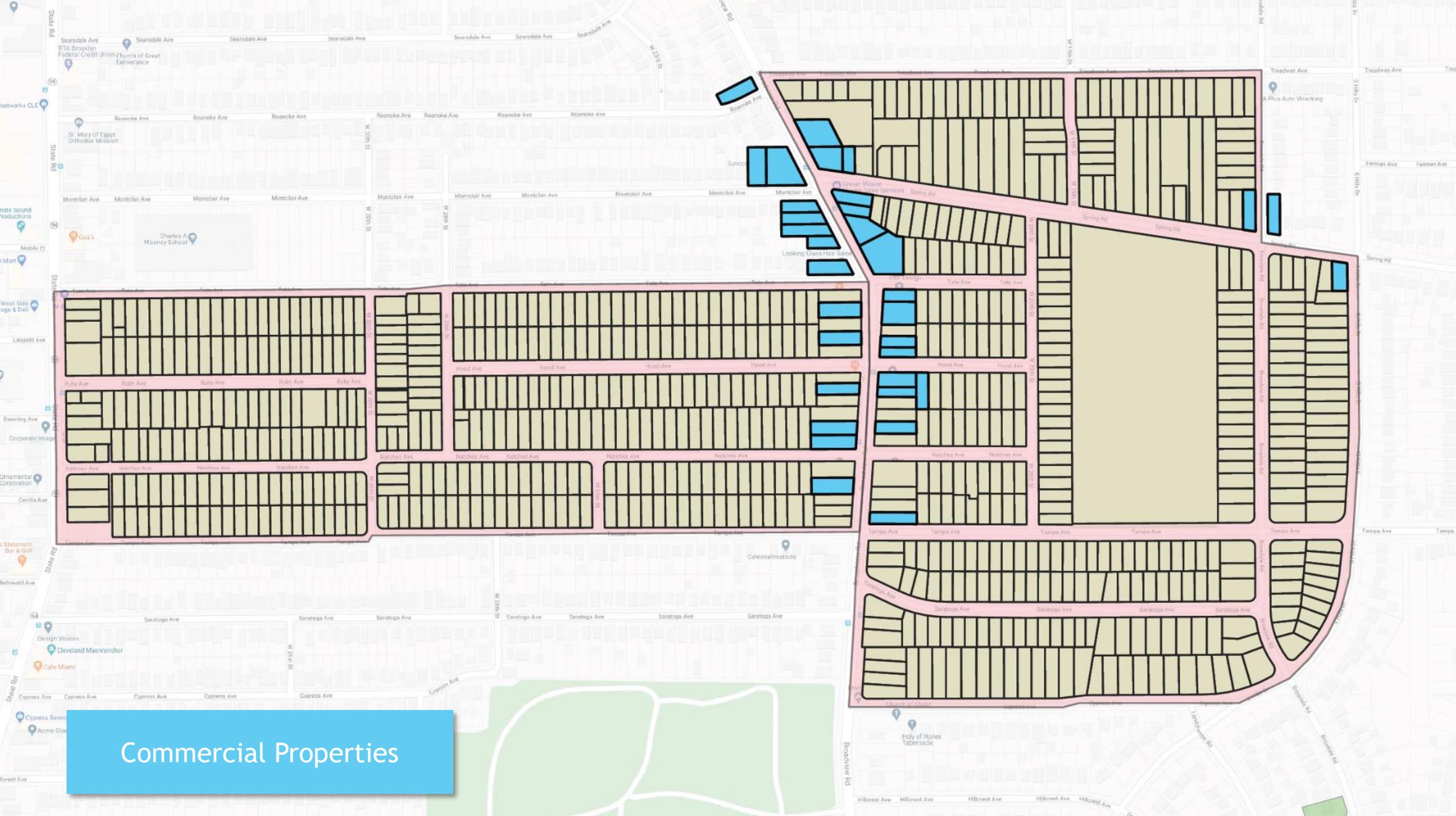
Homes Sold Between \$0.01 - \$60K







Middle Neighborhood
Strategic Focus



Commercial Properties

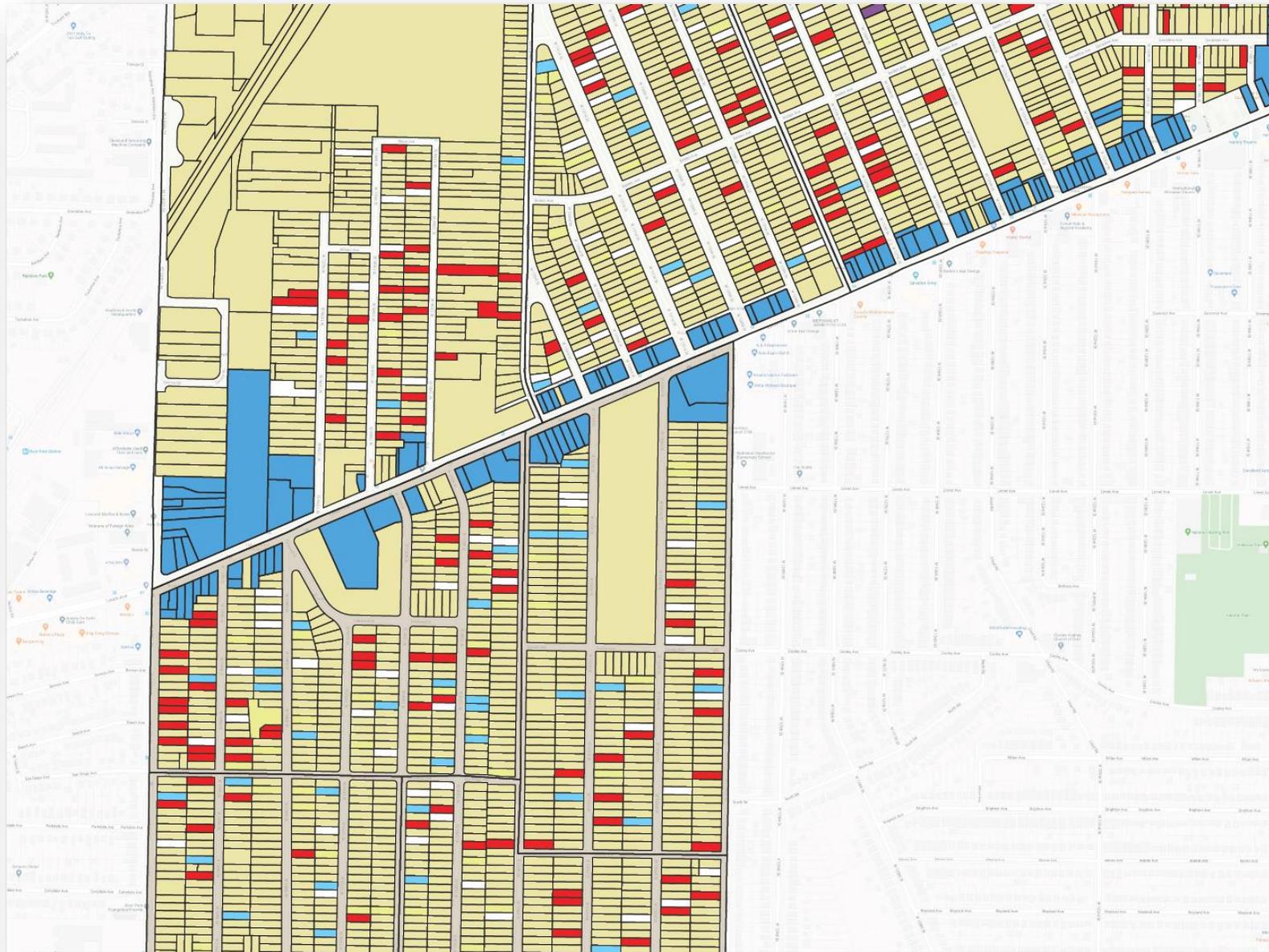


No Canopy (<5%)

Lee Harvard



Bellaire Puritas



What is a Middle Neighborhood?

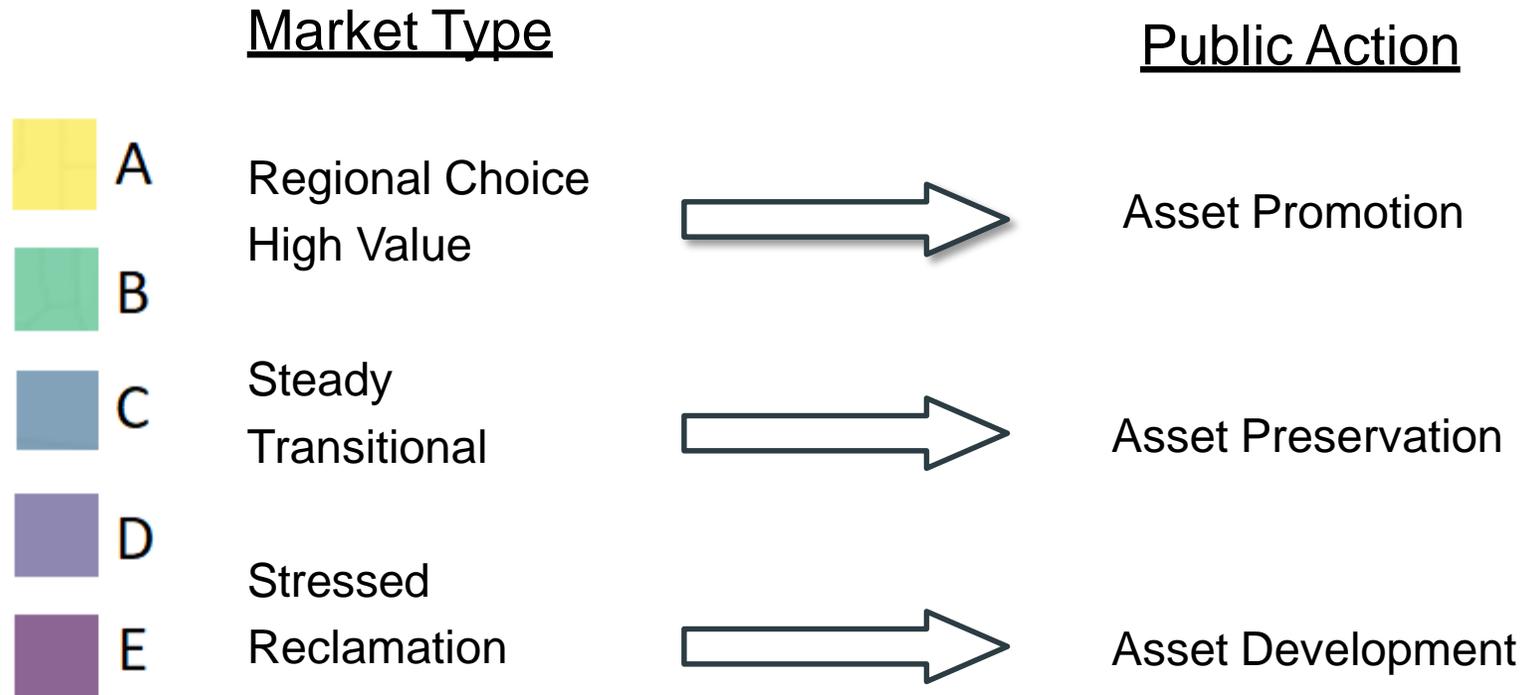
What is a Middle Neighborhood in Cleveland?

How do we identify a Middle Neighborhood?

How do we stabilize and grow Middle Neighborhoods?



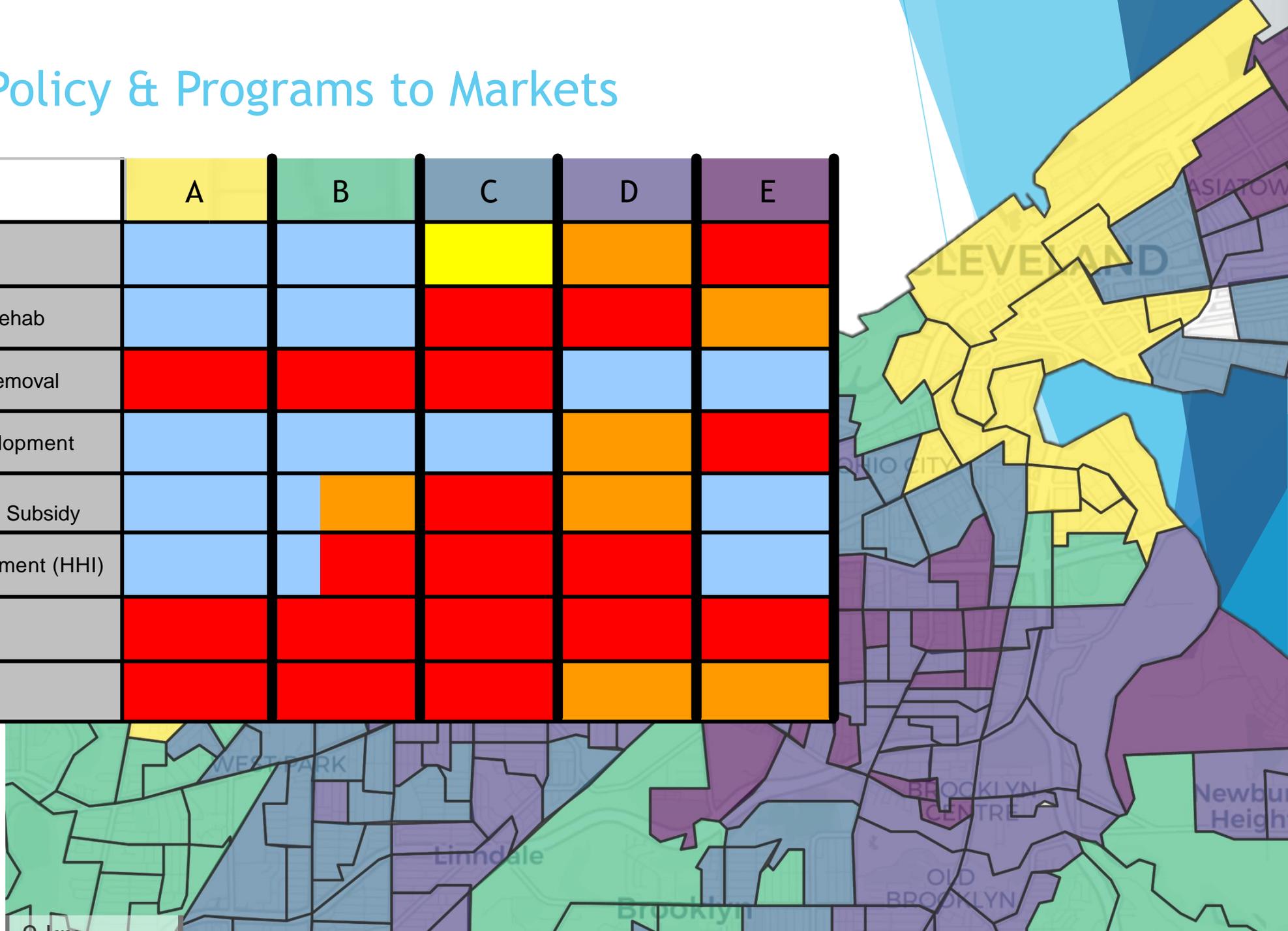
Policy Examples



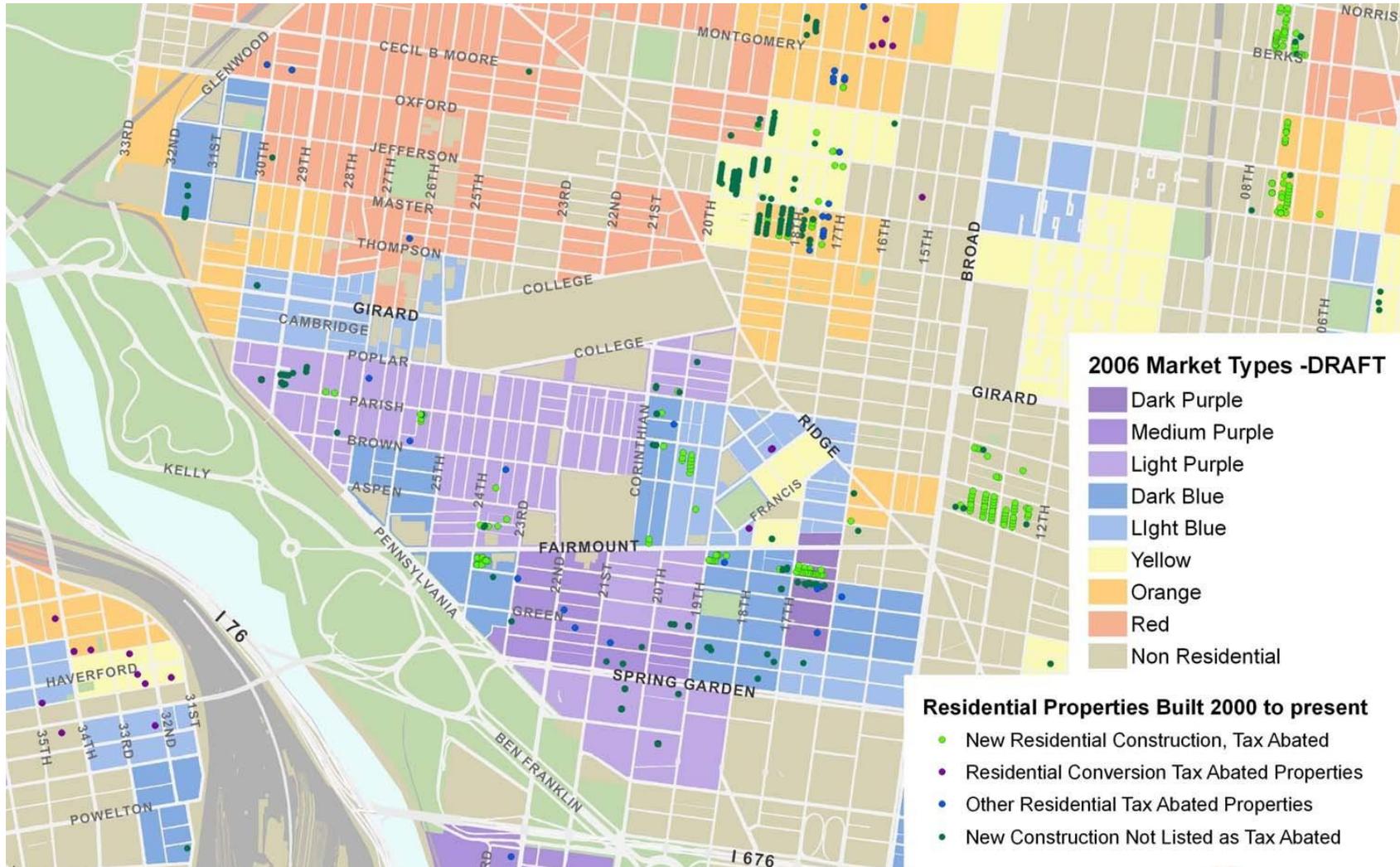
Connecting Policy & Programs to Markets

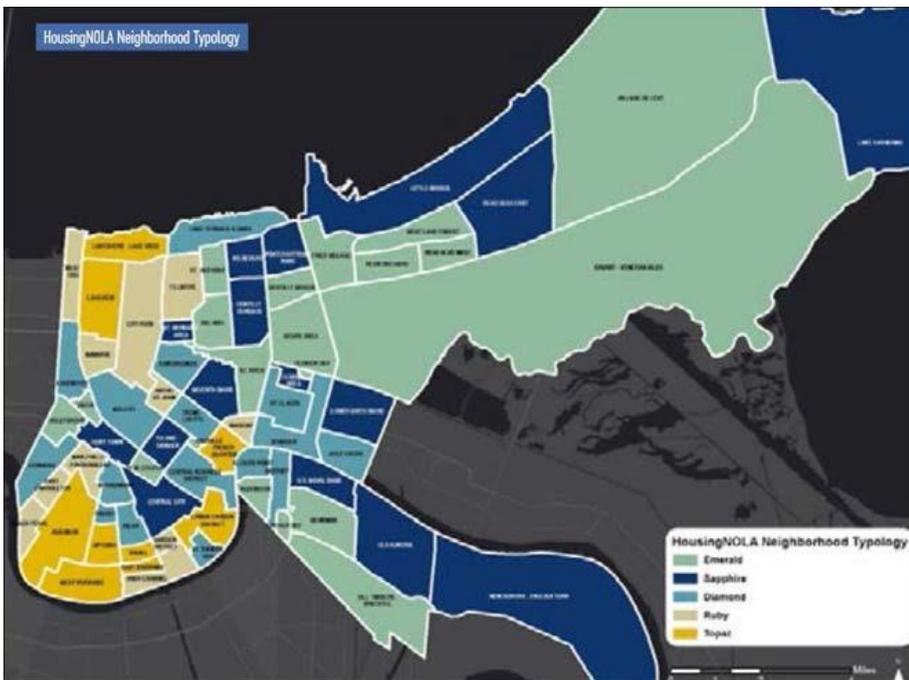
	A	B	C	D	E
Demolition of Dangerous Properties	Light Blue	Light Blue	Yellow	Orange	Red
Targeted scale Acquisition/Rehab	Light Blue	Light Blue	Red	Red	Orange
Tree Plantings/Dead Tree Removal	Red	Red	Red	Light Blue	Light Blue
Land Assembly for Redevelopment	Light Blue	Light Blue	Light Blue	Orange	Red
Tax Abatement/Construction Subsidy	Light Blue	Light Blue, Orange	Red	Orange	Light Blue
Quality of Life Code Enforcement (HHI)	Light Blue	Light Blue, Red	Red	Red	Light Blue
Abandoned Car Removal	Red	Red	Red	Red	Red
Nuisance Abatement	Red	Red	Red	Orange	Orange

- High Priority
- Medium Priority
- Low Priority
- Limited Activity

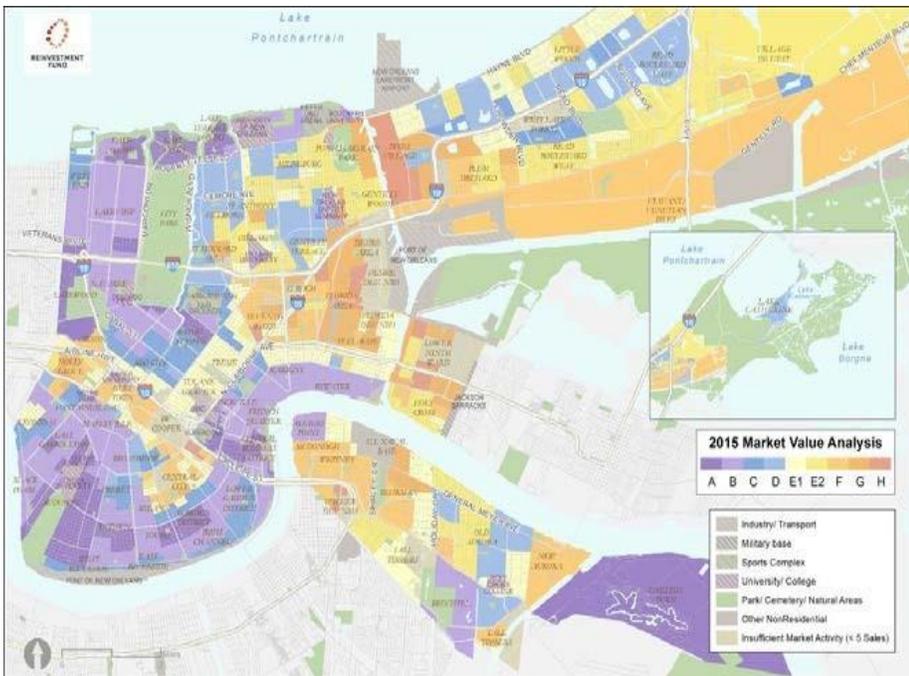


Tax Abatement Strategy



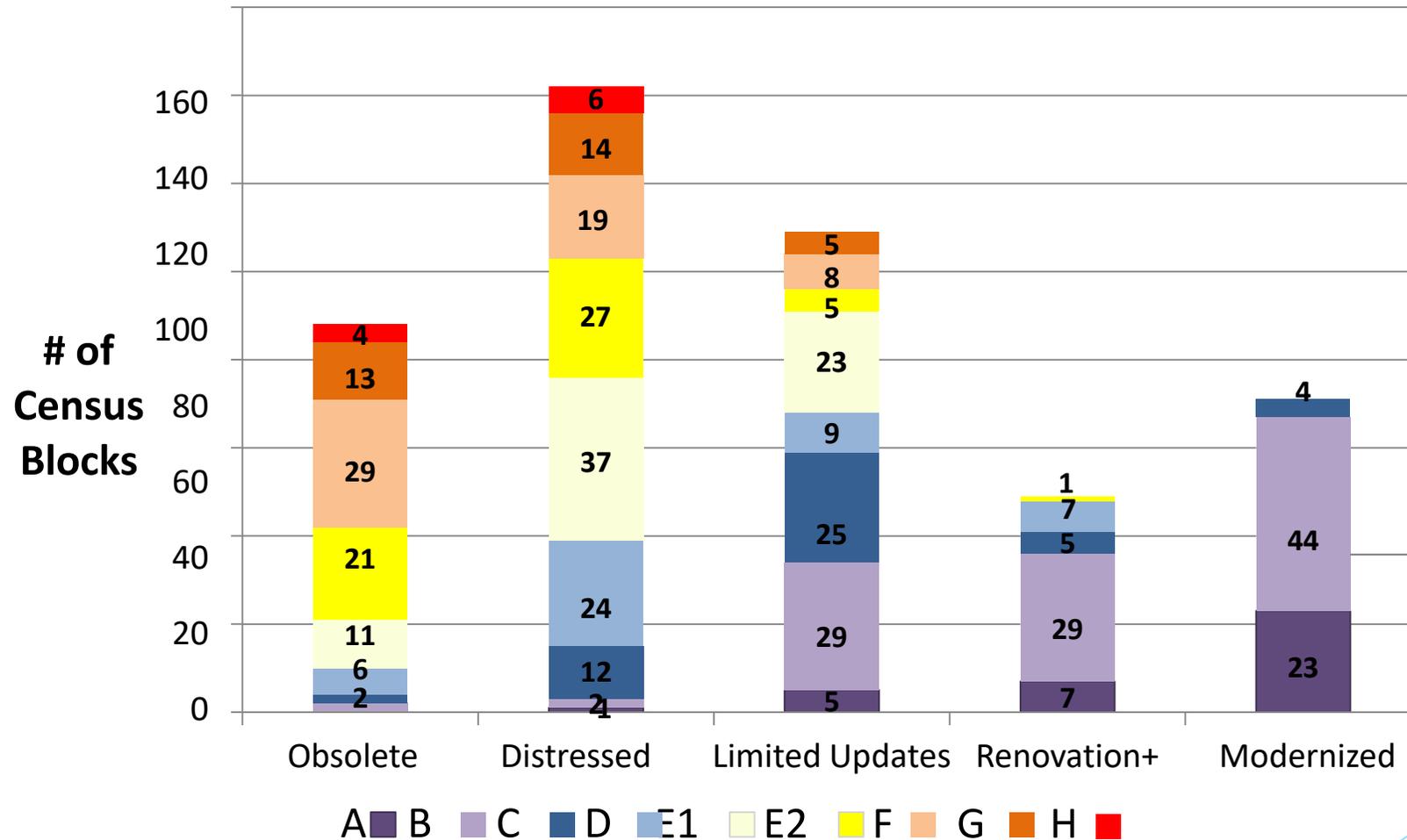


HousingNOLA (70 Neighborhoods – 5 Typologies)



2015 Market Value Study 459 Census blocks – 9 Market Clusters

Overlay Market Analysis with Housing Study



Comprehensive Middle Neighborhoods Tool-Kit



High LTV Loans
Acquisition Rehab
Refi-Rehab

Construction Gap
Subsidies
Tax Abatement/Credit



Capital Access for Non-
Profits

Model-Block Investment

Storefront Renovation
and Commercial
Beautification



Great Streets &
Infrastructure

Targeted Economic
Development

Public Services

Live
CLEVELAND!



CLEVELAND
MIDDLE NEIGHBORHOODS

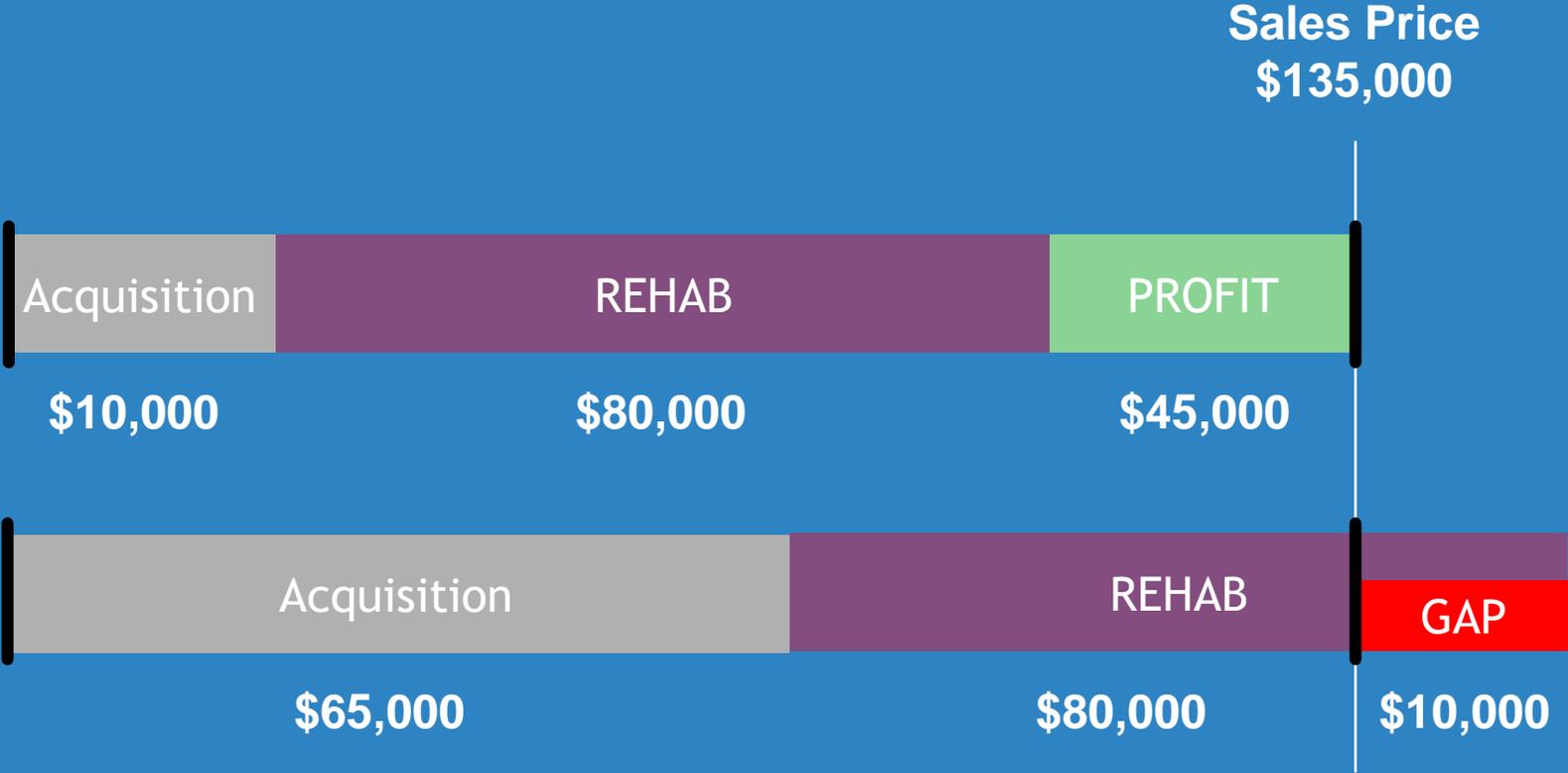
CLEVELAND MIDDLE NEIGHBORHOODS



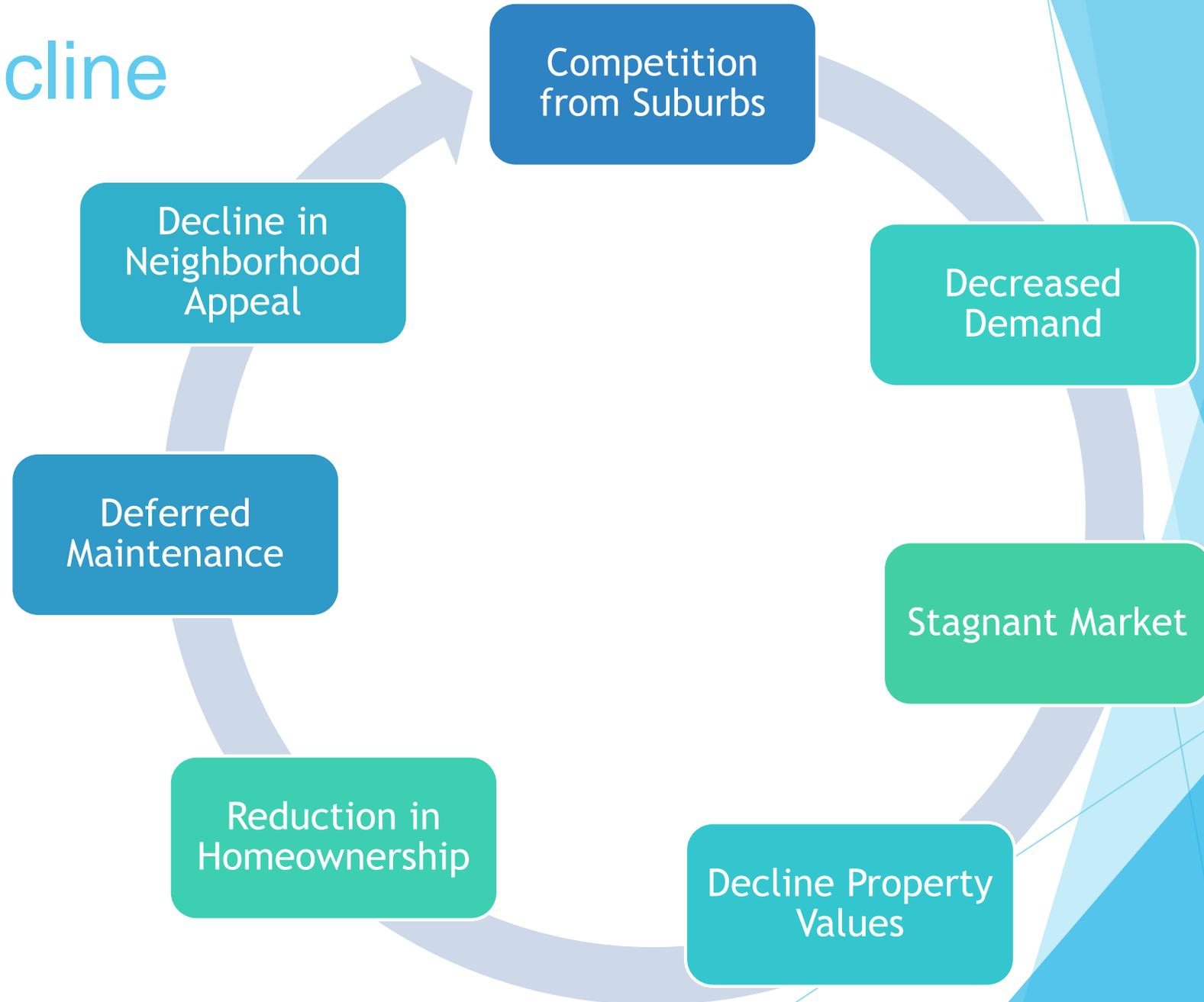


CLEVELAND
MIDDLE NEIGHBORHOODS

Challenge for Developers: Rehab and Construction Gap



Cycle of Decline



Investors in the Middle



MIDDLE MARKETS (NEO)

For Profit Developers
(Rehab and New Construction)

New Homeowners

LLC Investors



EDGE MARKETS (CLE)

Non Profit Developers

Limited Income Homeowners

LLC Investors

Naturally Occurring Affordable Housing

Family of Four Old Brooklyn (2017 ACS)	
Gross income	\$ 57,160.13
After Fed Tax	\$ 46,808.00
Monthly	\$ 3,900.67

Maximum Debt	\$ 1,905.34
Student Loan Debt	\$ 400.00
Car Payment	\$ 380.00
Min. Credit Card Payment	\$ 50.00
Housing Debt	X
Total Debt	\$ 830.00

Naturally Occurring Affordable Housing

Housing Cost	
Loan Amount \$	\$135,000.00
Annual Interest Rate	0.0425
Life Loan (in years)	30
Payment per Period	\$664.12
Tax Estimate	\$313.88
Hazard Ins.	\$70.00
Monthly Housing Payment	\$1,047.99

Maximum Debt	\$ 1,905.34
Student Loan Debt	\$ 400.00
Car Payment	\$ 380.00
Min. Credit Card Payment	\$ 50.00
Housing Debt	\$ 1,047.99
Total Debt	\$ 1,877.99

Home Detail	Market Demand	Cleveland Avg. Supply
# of Bedrooms	4	3
# of Bathrooms	1.5+	1
Size	1,900 Sq Ft	1,200 Sq ft
Kitchen	Newly Renovated	Needs Renovation
Yard/Lot	.25 acre	.11 acre
Systems	Recently Updated/New	Most need updates
Garage	2+ Car - Built post 1970	2 Car - Built 1950s
Electrical	Updated/Romex	Knob & Tube
Windows/Doors	Vinyl, Eco-Value	Pulley, Wood, Lead issues

