













Downtown Cleveland Alliance

Downtown Cleveland Housing Demand Analysis

EXECUTIVE SUMMARY

INTRODUCTION

In 2017, the number of people living in Downtown Cleveland reached the milestone of 15,000, a 77% increase from 2000 - 2015. This growth, as well as the number of housing development projects in the pipeline, prompted Downtown Cleveland Alliance (DCA) to take a deeper look at the factors driving the momentum in the Downtown Cleveland housing market, as well as consider strategies to enhance this momentum, with the goal of doubling the Downtown population by 2030.

This study forecasts that the traditionally defined Downtown area (Flats West Bank to Tri-C Metro Campus) will exceed 20,000 residents in the next twenty-four months and 30,000 residents by the end of 2032. This executive summary provides an overview of the housing demand analysis for Cleveland's Center City neighborhoods commissioned by DCA, in collaboration with Greater Cleveland Partnership, Cleveland Development Advisors, Cleveland Neighborhood Progress, Enterprise Community Partners, Historic Gateway Neighborhood Corporation, Historic Warehouse District Development Corporation, the City of Cleveland, and Cuyahoga County.

GOAL

The goal for this study is to provide an accurate overview of the current state of the housing market in Cleveland's Center City neighborhoods. The information provided here can serve as a basis to formulate housing priorities and housing diversification strategies that create an environment conducive to continued growth in the residential population and the job market.

STUDY AREA

Cleveland's Center City neighborhoods, defined as Downtown and portions of adjacent neighborhoods, were selected for the study due to the dynamic nature of the housing and employment markets, transportation corridors and shared community assets surrounding the central business district; and to align with census tracts

The Center City study area is comprised of the following neighborhoods between W. 65th to E. 55th, from the lakefront to the Innerbelt:

- Six neighborhoods within Downtown Campus District; The Flats; Gateway District; Nine-Twelve District; Playhouse Square; Warehouse District
- Portions of six neighborhoods near Downtown Central; Detroit Shoreway; Midtown; Ohio City; St. Clair Superior; Tremont

METHODOLOGY

Urban Partners, a Philadelphia-based community and economic development consulting firm, analyzed data from the U.S. Census Bureau, Ohio Development Service Agency, Cleveland Property Database, rental market and property management websites, U.S. Department of Housing and Urban Development, Cleveland Metropolitan Housing Authority, PolicyMap, and Downtown Cleveland Alliance.

KEY FINDINGS

The future growth potential of Downtown Cleveland is analyzed based on the expectation that Downtown Cleveland as a residential community can grow within the profiles of the more mature downtowns analyzed in this study. (See below for comparison cities.)

The forecast model details demand for an additional 6,800 units by 2030, of which approximately 3,000 are currently under construction or in various stages of planning and development. If these units are all completed, they will accommodate increased demand through 2023. After that point, other developments will be necessary to handle the additional 3,800 units required through 2030.

While there are signs of a strengthening Downtown's for-sale market, Downtown Cleveland's homeownership rate of 5.1 percent is extremely low compared to the average rate of 22.7 percent noted the comparison downtowns.

A key factor in this growth is the increasing capture of Downtown workers as residents—growing 2.05 percent of Downtown workers currently to 3.37 percent in 2030. This represents a 64 percent increase in capture over a 12 year period (2018-2030). While additional and higher quality housing product will facilitate much of this capture—including expanded homeownership product—an effective marketing campaign will also be essential.

Measured against the average economic and residential patterns observed in the ten comparison downtowns, the assumptions used for the above forecast model are very modest. If Downtown Cleveland achieves merely the average marks for the ten comparison downtowns, the resulting growth will translate to over 50,000 residents and 30,000 housing units (Table 48).

To increase and maintain housing diversity, each section of Center City will need to employ different strategies based on a set of policy goals agreed upon by public and private stakeholders. As new market-rate units are continually introduced in these neighborhoods, the relative percentage of income-restricted units could decline, while at the same time development pressures are placing formerly income-restricted units coming off initial compliance periods at risk of flipping to market-rate.

PROJECTIONS

To assess the long-term potential growth of the Downtown Cleveland market, it is important to place the Cleveland within the context of other downtowns with a larger or more established housing portfolio. Ten cities analyzed in this study include:

- Boston
- Denver
- Indianapolis
- Memphis
- Milwaukee
- Minneapolis
- Orlando
- Philadelphia
- San Francisco
- Seattle

The study assumes that the level of economic and residential activity Downtown will shift toward the averages for the ten more mature downtowns noted above. It is assumed that by 2030:

- The percentage of regional jobs located in Downtown will grow to 8.7%
- The percentage of jobs held by Downtown residents will increase to 3.37%
- The average household size in Downtown will increase slightly from 1.63 to 1.66
- Homeownership rates will increase from 5.4% to 9.3%

In addition we looked at some of these same variables for Columbus, Pittsburgh and Cincinnati.

REPORT RECOMMENDATIONS

- Continue market-rate rental momentum in Downtown by preserving and continuing to promote existing development tools and incentives and pursuing placemaking and community enhancement initiatives
- **Diversify the housing mix in Downtown toward homeownership** through the creation of a homeownership program in partnership with the public and private sectors; and by working with developers, lenders and other real estate professionals to promote the development of for-sale properties in the Center City
- Maintain and expand housing diversity Downtown and in adjacent neighborhoods by:
 - Preserving current income-restricted communities and identifying specific sites for new income-restricted communities, while leveraging the 9% Low Income Housing Tax Credits and establishing a Housing Trust Fund;
 - Promoting the development of mixed-income communities with a variety of tools, potentially including tax exempt bonds, increased utilization of 4% tax credits, the Federal Home Loan Bank Affordable Housing Program, expedited permitting processes for mixed-income and affordable housing projects and considering inclusionary zoning policies for designated locations; and
 - Creating workforce and market-rate housing opportunities in Center City neighborhoods while preserving current income-restricted housing

DCA'S RESPONSE

This housing demand analysis confirms:

- there is continued demand for market-rate rental properties in Downtown Cleveland and
- there is demand for for-sale properties in Downtown Cleveland

The results of this analysis demonstrate the success of Downtown and its surrounding neighborhoods are intimately connected. Enhancing housing options and encouraging the job market throughout Center City neighborhoods will benefit residents, employers, retail establishments and homeowners across the city.

Moving forward, Downtown Cleveland Alliance will continue to discuss the results and recommendations of this study with its various partners in both the public and private sectors and focus on key opportunities for enhancing momentum in Center City neighborhoods' rental and for-sale markets.

The Center City neighborhood community development corporations will continue to collaborate on growing the diversity of housing options through advocacy and coordination on ideas around policy, connected mobility, and placemaking strategies.

DCA is particularly interested to explore the following policy recommendations further:

- Continuing to leverage current and existing tools like Historic Tax Credits, Conservation Easements and Tax Abatements to attract developers and residents
- Initiating the dialogue necessary to launch a home rehabilitation subsidy program that supports smaller developers in the rehabilitation and sale of market-rate housing in adjacent neighborhoods, such as the Homeownership Rehabilitation Program in the City of Philadelphia in the 1990s to 2000s; and,
- Creating a homeownership incentive program with public and private partners that will benefit residents, employees, and employers throughout the Center City housing market, potentially as mirroring the success of the University Circle Greater Circle Living Program

Downtown Cleveland Housing Demand Analysis

Preliminary Data & Market Research Summary (Final)

Prepared for:





September 24, 2018

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1. Background

The Downtown Cleveland Alliance (DCA), in collaboration with Cleveland Development Advisors, Cleveland Neighborhood Progress, the City of Cleveland, and Cuyahoga County, commissioned this Housing Demand Analysis for Downtown Cleveland and the surrounding neighborhoods. The study area is comprised of six neighborhoods within Downtown (Campus District, the Flats, Gateway District, Nine-Twelve District, Playhouse Square, and Warehouse District) and portions of six neighborhoods near Downtown (Central, Detroit Shoreway, Midtown, Ohio City, St. Clair Superior, and Tremont). Together, these twelve neighborhoods are collectively referred to as Center City in this report.

The stated goal for this study is to provide DCA and its partners a meaningful sense of the housing market to formulate housing priorities and housing diversification strategies. To assist in the research and preparation of this study, DCA has retained Urban Partners as a consultant. This report is a summary of Phase One finding (i.e., preliminary data research and market analysis) for the Center City housing market. In Section 8, Downtown's potential growth projections are introduced based on the analysis of trends in downtown areas across ten cities.

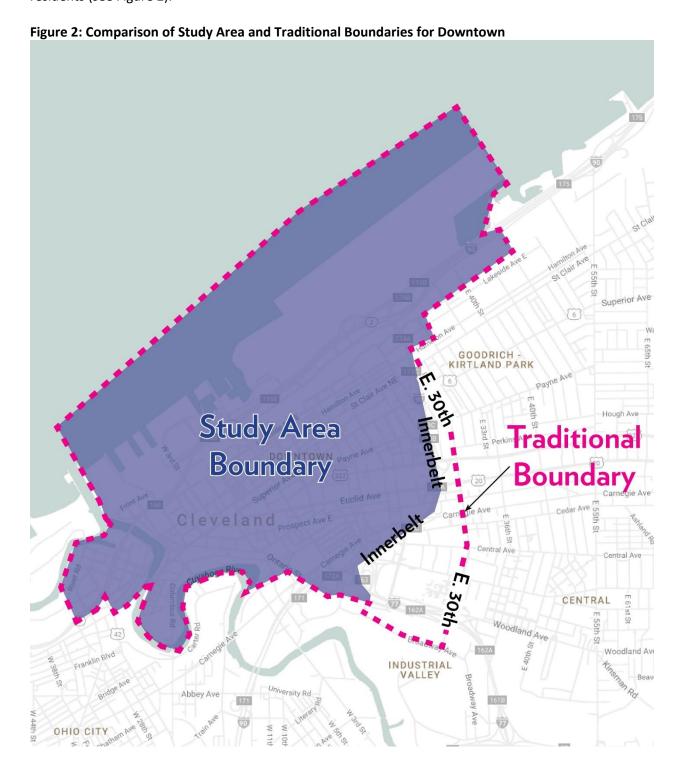
For the purpose of studying a consistent set of demographic and employment data, the Center City neighborhoods are subdivided into three sections that are coterminous with census tract boundaries. Figure 1 illustrates the three sections, Downtown, Eastside, and Westside, as well as the corresponding census tracts.





Downtown	Westside
Tracts:	Tracts
1033	1012
1071.01	1018
1077.01	1019.01
1078.02	1031
	1034
Eastside	1035
Tracts	1036.02
1082.01	1039
1083.01	1041
1084	1042
1087.01	1043
1093.01	
1097.01	
1098.01	
9801	

It should be noted that the traditional eastern boundary for Downtown Cleveland is E. 30th Street, while this analysis uses the Innerbelt Highway to coincide with census tract boundaries. The estimated population for the geographic portion between the Innerbelt and E. 30th Street is approximately 3,500 residents (see Figure 2).



2. Demographic Trends

According to the 2016 American Community Survey 5-Year Estimates (ACS), the total population of Downtown Cleveland is 13,851, which is 55.7% larger than what was reported in 2010. The population growth of Downtown is an outlier within the City of Cleveland and Cuyahoga County, which lost 4.9% and 2.7% of their respective populations. The Eastside neighborhoods lost 113 residents from 2010 to 2016 (or 0.8% loss), while the Westside neighborhoods lost 654 residents (or 2.9% loss). The 7-County Region¹ lost 24,884 residents, which is equivalent to a decrease of 0.9% from 2010 to 2016 (Table 1).

Table 1: Population Trends, 2010-2016

	Downtown	Eastside	Westside	Cleveland City	Cuyahoga County	7-County Region
2010 Population	8,894	14,196	22,509	409,221	1,293,825	2,789,682
2016 Population	13,851	14,083	21,855	389,165	1,258,710	2,764,798
Total Change (2010-16)	4,957	-113	-654	-20,056	-35,115	-24,884
% Change (2010-16)	55.7%	-0.8%	-2.9%	-4.9%	-2.7%	-0.9%

Source: U.S. Census Bureau, Urban Partners

Downtown saw an increase in the total number of households between 2000 and 2016, but at a slower pace than the rate of population gain. The number of households in Downtown grew by 35.5% during this period, compared to 2.0% reduction for the City of Cleveland. Both Eastside and Westside neighborhoods added new households in this time period, reporting increases of 2.0% and 2.2%, respectively (Table 2).

Table 2: Household Trends, 2010-2016

	Downtown	Eastside	Westside	Cleveland City	Cuyahoga County	7-County Region
2010 Households	4,805	5,625	10,069	170,464	538,944	1,131,062
2016 Households	6,513	5,737	10,295	167,067	534,559	1,132,244
Total Change (2010-16)	1,708	112	226	-3,397	-4,385	1,182
% Change (2010-16)	35.5%	2.0%	2.2%	-2.0%	-0.8%	0.1%

Source: U.S. Census Bureau, Urban Partners

Downtown experienced a 58.9% increase in population in households from 2010 to 2016, while the Eastside and Westside neighborhoods remained stable with minor changes. The City of Cleveland, Cuyahoga County, and the 7-County Region all experienced drops in population in households. The group quarters population—which includes individuals in correctional facilities, nursing homes, college dormitories, homeless shelters, etc.—saw decreases across all geographies examined (see Table 3).

Table 3: Population in Households Trends, 2010-2016

	Downtown	Eastside	Westside	Cleveland City	Cuyahoga County	7-County Region
2010 Population in Households	6,603	13,165	21,853	397,047	1,265,067	2,729,612
2016 Population in Households	10,494	13,051	20,963	376,239	1,229,934	2,704,982
2010 Group Quarters Population	4,126	1,055	1,055	13,742	29,251	61,312
2016 Group Quarters Population	3,357	1,032	892	12,926	28,776	59,816

¹ The 7-County Region includes Cuyahoga County and the following six counties immediately adjacent: Geauga County, Lake County, Lorain County, Medina County, Portage County, and Summit County.

The average household size for Downtown Cleveland increased, from 1.37 in 2010 to 1.61 in 2016. All other geographic locations analyzed below experienced decreases in average household sizes (Table 4).

Table 4: Average Household Size, 2010-2016

	Downtown	Eastside	Westside	Cleveland City	Cuyahoga County	7-County Region
AVG Household Size - 2010	1.37	2.34	2.17	2.33	2.35	2.41
AVG Household Size - 2016	1.61	2.27	2.04	2.25	2.30	2.39

Source: U.S. Census Bureau, Urban Partners

Compared to Cuyahoga County and the 7-County Region that reported homeownership rates of 65.4% and 58.9% in 2016, respectively, Center City neighborhoods have very low rates of homeownership. In 2016, 5.1% of all Downtown households were owner-occupants, which is a slight increase from 4.9% in 2010. The Eastside neighborhoods reported a 13.9% homeownership rate, while the Westside reported 29.8% in 2016 (Table 5).

Table 5: Homeownership Rate Trends, 2010-2016

	Downtown	Eastside	Westside	Cleveland City	Cuyahoga County	7-County Region
2010 Homeownership %	4.9%	12.1%	33.8%	47.1%	62.4%	68.4%
2016 Homeownership %	5.1%	13.9%	29.8%	41.9%	58.9%	65.4%

Source: U.S. Census Bureau, Urban Partners

Figure 3 below illustrates the changes in the age distribution for Downtown. From 2010 to 2016, the two largest age groups remained 25-to-34 year olds (32.3%), followed by 18-to-24 year olds (24.8%), though they are proportionally smaller than what was reported in 2010. Three growing age groups are 45-to-54 year olds (11.7%), 55-to-64 year olds (8.3%), and under 18 years-of-age(7.9%).

Figure 3: Age Distribution Trends, Downtown, 2010-2016

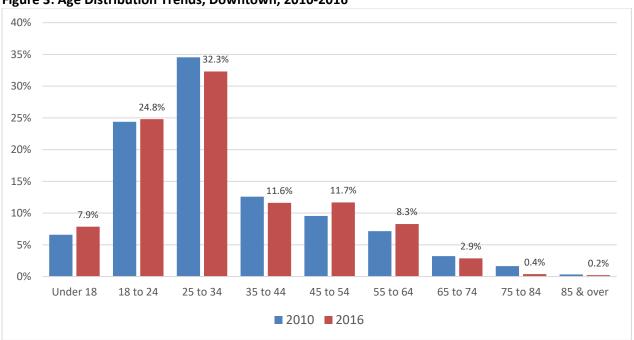


Figure 4 below compares the age distribution patterns in Center City neighborhoods to the Region. First, Downtown has very few children under 18 years-of-age, while the Eastside reports a high percentage of residents in this age bracket. Second, compared to the Region, Downtown has a disproportionately high percentage of 18-to-24 year olds and 25-to-34 year olds.

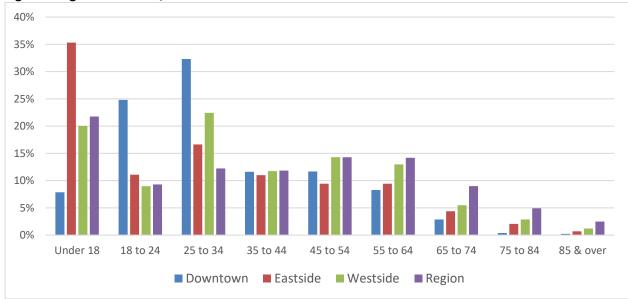


Figure 4: Age Distribution, 2016

Source: U.S. Census Bureau, Urban Partners

According to the Census Bureau, 43.9% of Downtown households earn less than \$25,000 a year, including 27.8% that make less than \$10,000². For the Eastside, 73.0% of the households earn less than \$25,000 a year and 43.0% make less than \$10,000—while 43.7% of the Westside households earn less than \$25,000 and 15.7% make less than \$10,000. The percentage of high-income households earning over \$100,000 in the Region is 21.2%—compared to 18.6% for Downtown, 4.1% for the Eastside, and 10.1% for the Westside (Table 6).

Table 6: Household Income, 2016

Table 6: Household Incom	•					
	Downtown	Eastside	Westside	Cleveland	Cuyahoga	7-County
				City	County	Region
Less than \$10,000	27.8%	43.0%	15.7%	20.7%	10.8%	8.4%
\$10,000 to \$14,999	7.0%	13.3%	10.7%	10.3%	6.4%	5.5%
\$15,000 to \$24,999	9.1%	16.7%	17.3%	16.6%	12.1%	10.9%
\$25,000 to \$34,999	7.4%	7.4%	10.6%	12.4%	11.0%	10.3%
\$35,000 to \$49,999	5.8%	6.3%	17.3%	13.4%	13.4%	13.6%
\$50,000 to \$74,999	15.6%	5.7%	12.7%	13.2%	16.7%	17.8%
\$75,000 to \$99,999	8.6%	3.4%	5.6%	6.2%	10.7%	12.1%
\$100,000 to \$149,999	8.3%	1.7%	5.4%	4.6%	10.8%	12.6%
\$150,000 to \$199,999	3.4%	0.9%	2.9%	1.2%	3.8%	4.4%
\$200,000 or more	6.9%	1.5%	1.8%	1.2%	4.3%	4.2%

² This figure for Downtown may be influenced by the relatively large numbers of undergraduate or graduate school students. According to the Census Bureau, there were 1,458 undergraduate college students and another 1,002 graduate/professional school students living in Downtown.

According to the 2016 ACS, 45.8% of Downtown residents are Non-Hispanic Whites, while 38.6% are Non-Hispanic Blacks, and 7.4% are Non-Hispanic Asians. In 2010, the percentages were 43.7%, 43.7%, and 7.6%, respectively. Two significant trends are the drop in the Hispanic population in the Eastside (from 6.9% to 3.9%) and the increase of the Non-Hispanic White population in the Westside (from 49.0% to 54.2%)(See Table 7).

Table 7: Ethnic/Racial Composition, 2010-2016

	Downtown		East	Eastside		Westside		nd City
	2010	2016	2010	2016	2010	2016	2010	2016
Non-Hispanic	96.8%	95.6%	93.1%	96.1%	76.8%	79.1%	90.8%	89.2%
White Alone	43.7%	45.8%	13.4%	14.7%	49.0%	54.2%	34.9%	34.3%
Black Alone	43.7%	38.6%	70.9%	70.6%	24.3%	21.0%	52.5%	50.1%
Asian Alone	7.6%	7.4%	8.0%	8.1%	0.8%	0.8%	1.6%	2.0%
All Others ³	1.9%	3.9%	0.8%	2.7%	2.7%	3.2%	1.8%	2.8%
Hispanic (All Races)	3.2%	4.4%	6.9%	3.9%	23.2%	20.9%	9.2%	10.8%

³ Includes individuals of mixed race.

3. Employment Trends

According to the Census Bureau's *OnTheMap* application, which uses employer payroll tax information to geo-locate jobs within a defined area, Downtown Cleveland experienced significant job loss from 2002 to 2011, falling from 113,248 jobs to 91,695. From 2011 to 2015, there's been a steady but modest amount of job growth annually (approximately 1,000 jobs being added per year, see Figure 4).⁴

The Eastside and Westside neighborhoods also experienced job loss from 2002 to 2011, but unlike Downtown they have yet to show signs of a bounce back. The Eastside reported 21,534 jobs in 2015, compared to 27,913 jobs in 2002. The Westside neighborhoods totaled 11,015 jobs in 2015, compared to 12,433 jobs in 2000 (see Figure 5).

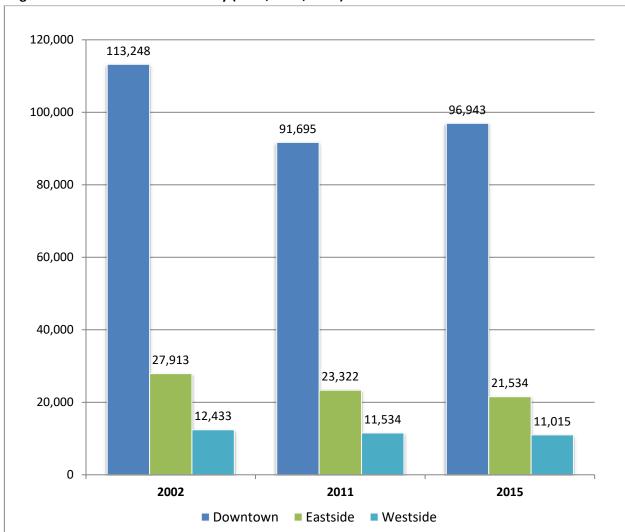


Figure 5: Jobs Located in Center City (2002, 2011, 2015)

Source: U.S. Census Bureau

⁴ Again, the Study Area for Downtown is slightly smaller than the traditionally defined area that uses E. 30th Street as the eastern boundary. According to *OntheMap*, the number of jobs located in the geographic portion between the Innerbelt and E. 30th Street in 2015 is, 4,244 jobs. In this analysis, these 4,244 jobs are included in the 21,534 jobs reported for the Eastside neighborhoods.

There are nine (9) sectors that added a total of 11,021 new jobs in Downtown from 2002 to 2015. The biggest net job gains in this period were in *Management of Companies & Enterprises* (3,270 net new jobs) and *Accommodation & Food Services* (2,429 net new jobs, see Table 8).

Table 8: Employment in Rising Industrial Sectors, 2002-2015

	Jobs in 2002	Jobs in 2015	Change 2002-2015
Mining, Quarrying, and Oil and Gas Extraction	16	238	222
Real Estate and Rental and Leasing	1,227	1,483	256
Professional, Scientific, and Technical Services	17,687	18,002	315
Management of Companies and Enterprises	3,779	7,049	3,270
Administration & Support, Waste Management & Remediation	7,783	8,285	502
Educational Services	8,529	9,683	1,154
Health Care and Social Assistance	3,174	4,187	1,013
Arts, Entertainment, and Recreation	4,402	6,262	1,860
Accommodation and Food Services	4,867	7,296	2,429

Source: U.S. Census Bureau

On the other hand, there are nine (9) other sectors that experienced sustained job loss from 2002 through 2015. The most significant employment losses were in the *Finance & Insurance* sector, which lost a total of 11,536 jobs during this period (see Table 9 on the following page).

Table 9: Employment in Declining Industrial Sectors, 2002-2015

	Jobs in 2002	Jobs in 2015	Change 2002-2015
Agriculture, Forestry, Fishing and Hunting	3	0	-3
Utilities	1,841	1,414	-427
Construction	1,905	1,290	-615
Manufacturing	4,001	847	-3,154
Retail Trade	2,146	740	-1,406
Information	6,180	3,345	-2,835
Finance and Insurance	19,312	7,776	-11,536
Other Services (excluding Public Administration)	3,311	2,271	-1,040
Public Administration	14,545	11,910	-2,635

Source: U.S. Census Bureau

Location quotient is an analytic tool to measure how concentrated a particular industry, cluster, occupation, or demographic group is in a region as compared to the nation or state. It can reveal important growth engines of the local economy since the dollars earned from selling products or services out of the local area may be used for investment and future development. In order to calculate the location quotients (LQ), the local percentage of employment in a sector/industry is divided by the national or state percentage for that sector/industry. A ratio exceeding 1.0 indicates that a region is more specialized in a particular industry than the nation or state.

In Figure 6, Downtown Cleveland employment sectors with LQs above 1.0 (compared to the State average) are illustrated. The sectors with the highest LQ's in Downtown Cleveland are *Arts, Entertainment, & Recreation* (4.31), *Public Administration* (3.72), *Professional, Scientific, and Technical Services* (3.71), and *Management of Companies and Enterprises* (2.51).

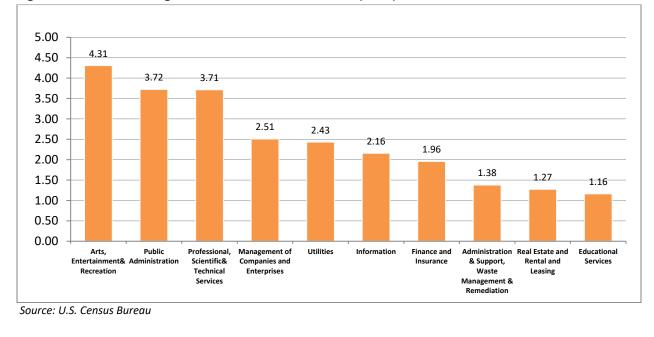


Figure 6: Sectors with Highest LQ, Downtown Cleveland (2015)

COMMUTING PATTERN

Figure 7 illustrates the In-Area Employment Efficiency, or the percentage of jobs in Downtown filled by Downtown residents. Though the percentage of Downtown workers who also live in Downtown has been steadily increasing (from 0.8% in 2002 to 1.8% in 205), the overwhelming majority of the Downtown workforce is comprised of in-commuters.

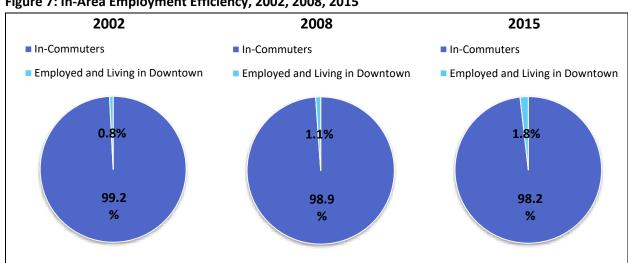


Figure 7: In-Area Employment Efficiency, 2002, 2008, 2015

Source: U.S. Census Bureau

Figure 8 shows the commuting pattern of employed Downtown residents. According to the Census Bureau, a total of 5,566 Downtown residents were employed in 2015. Thirty-two percent (32%) of these residents (or 1,778) also work in Downtown, which means 3,788 "reverse commute" from Downtown. Of the total employed residents, 24.8% (or 1,379) commute to other locations within the City of Cleveland and another 1,521 workers (or 27.3%) work in other locations within Cuyahoga County (Figure 7).

150 174 3% 564 ■ Employed in Downtown 10% 1,778 ■ Employed Elsewhere in Cleveland 32% Employed Elsewhere in Cuyahoga County Summit County 1,521 27% Lake County All Other Locations

Figure 8: Commuting Pattern for Employed Downtown Residents, 2015

Source: U.S. Census Bureau

The pattern of commuting from the Eastside and Westside neighborhoods to Downtown is illustrated in Figure 9. In 2015, there were a total of 2,133 workers commuting to Downtown from these neighborhoods-578 from Eastside neighborhoods and 1,555 from Westside neighborhoods. As an aggregate, there were more Eastside-Westside residents employed in Downtown in 2015 than from Downtown itself (2,133 to 1,778).

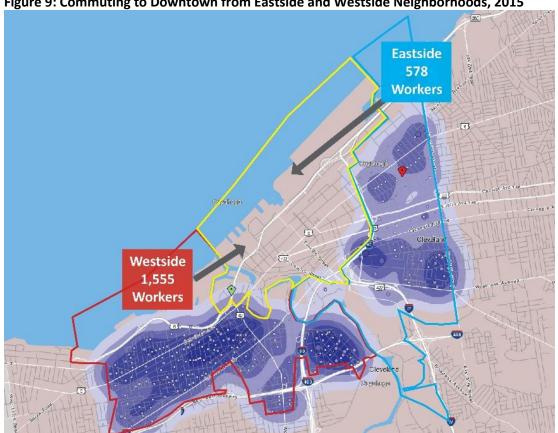


Figure 9: Commuting to Downtown from Eastside and Westside Neighborhoods, 2015

Source: U.S. Census Bureau

Figure 9 shows the commuting pattern of employed Eastside residents. According to the Census Bureau, a total of 4,179 Eastside residents were employed in 2015. A total of 578 residents (13.8%) work in Downtown, while 398 (9.5%) live and work in the Eastside. Additionally, 992 residents (23.7%) work in other locations within Cleveland, and another 1,373 residents (32.9%) commute to other locations within Cuyahoga County (Figure 10).

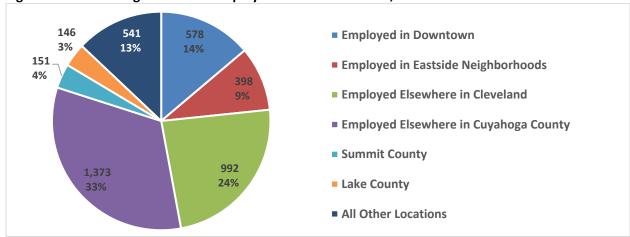


Figure 10: Commuting Pattern for Employed Eastside Residents, 2015

Source: U.S. Census Bureau

The commuting pattern of employed Westside residents is shown in Figure 10. According to the Census Bureau, a total of 9,027 Westside residents were employed in 2015. A total of 1,555 residents (17.2%) work in Downtown, while 695 (7.7%) live and work in the Westside. Additionally, 2,205 residents (24.4%) work in other locations within Cleveland, and another 2,766 residents (30.6%) commute to other locations within Cuyahoga County (Figure 11).

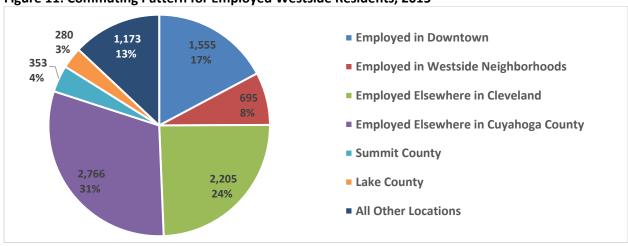


Figure 11: Commuting Pattern for Employed Westside Residents, 2015

Source: U.S. Census Bureau

Table 10 shows the residential location of all Downtown workers. Approximately two-thirds of Downtown workers (or 63,954) are Cuyahoga County residents, including 1,778 Downtown residents and 19,745 non-Downtown Cleveland residents. Other locations within Cuyahoga County where larger numbers of Downtown workers reside are Lakewood, Parma, Euclid, and Cleveland Heights. Table 10 also shows that

other six counties that make up the 7-County Region along with Cuyahoga send a total of 21,660 workers to Downtown Cleveland.

Table 10: Commuting Pattern for Downtown Workers, 2015

		Locations	Total Workers
Cuyahoga County Total	63,954	Other Counties in Region	21,660
Residents of Downtown	1,778	Residents of Lorain County	5,740
Other Cleveland Residents	19,745	Residents of Summit County, OH	5,346
Residents of Lakewood	4,112	Residents of Lake County, OH	4,798
Residents of Parma	3,476	Residents of Medina County, OH	3,003
Residents of Euclid	2,294	Residents of Geauga County, OH	1,688
Residents of Cleveland Heights	2,280	Residents of Portage County, OH	1,085
Residents of Other locations Cuyahoga County	30,269	Residents of All Other Locations	11,329

Source: U.S. Census Bureau

The University Circle section of Cleveland, located three miles to the east of Downtown, is home to 46,940 jobs in the *Healthcare & Social Assistance* sector and 58,638 jobs in total. The three Circle Institutions—Cleveland Clinic, University Hospitals, and Case Western Reserve University—have been the dominant "Eds and Meds" economic engines not only for the area but for the entire city (Figure 12).

Figure 12: Large Employers located in University Circle

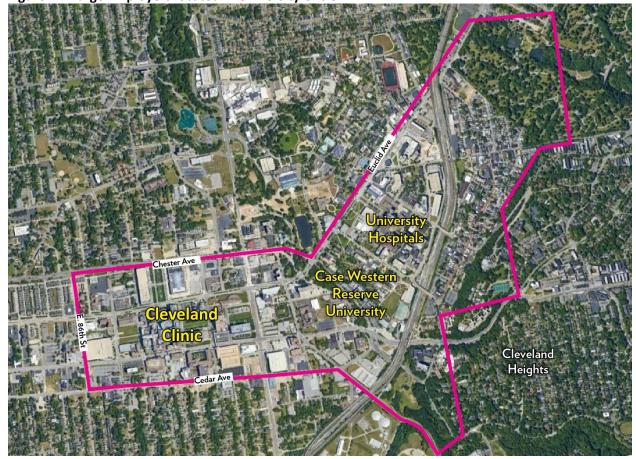


Table 11 shows the number of Center City residents that commute to University Circle. In 2015, 678 Downtown residents commuted to University Circle, while the number of commuters from the Eastside and Westside neighborhoods totaled 288 and 599, respectively.

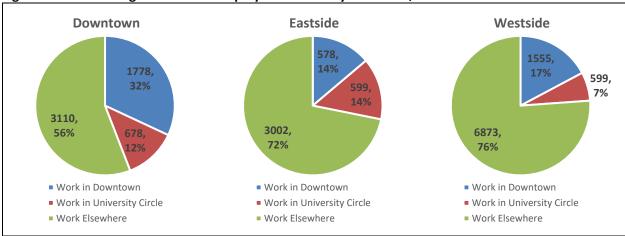
Table 11: Commuting to University Circle, 2002-2016

	2002	2005	2008	2011	2015
Downtown	68	177	151	443	678
Eastside	92	165	138	278	288
Westside	183	263	208	400	599
All Center City Residents	343	605	497	1.121	1.565

Source: U.S. Census Bureau, Urban Partners

Figure 13 shows the percentage of employed Center City residents commuting to University Circle, Downtown, and other locations. For Downtown, 12.2% of all employed residents commute to University Circle and 31.9% stay in Downtown for work. Nearly identical percentages of employed residents of the Eastside neighborhoods commute to University Circle and to Downtown (14.3% and 13.8%, respectively) while a bigger percentage of Westside employed residents commute to Downtown (17.2%) than to University Circle (6.6%).

Figure 13: Commuting Patterns for Employed Center City Residents, 2015



4. Population and Job Growth Projections

According to population projections published by the Ohio Development Service Agency (ODSA), Cuyahoga County is projected to lose 8.3% of its population from 2016 to 2040. Within the 7-County Region, three counties (Geauga, Lorain, and Medina) are projected to add population, while the Region as a whole is forecasted to lose 3.1% of its population from 2016 to 2040 according to ODSA (Table 12).

Table 12: Population Projection, 2010-2040

	2010 Census	2016 ACS	2020 Projection	2030 Projection	2040 Projection	% Change 2016-2040
Cuyahoga County	1,280,122	1,258,710	1,209,550	1,179,030	1,154,210	-8.3%
Geauga County	93,389	94,020	93,510	94,270	94,930	1.0%
Lake County	230,041	229,266	228,600	228,320	228,380	-0.4%
Lorain County	301,356	304,091	310,230	315,760	320,430	5.4%
Medina County	172,332	175,543	184,670	190,430	194,510	10.8%
Portage County	161,419	161,796	161,410	160,780	158,930	-1.8%
Summit County	541,781	541,372	534,150	532,080	528,990	-2.3%
Total	2,780,440	2,764,798	2,722,120	2,700,670	2,680,380	-3.1%

Source: Ohio Development Service Agency

In terms of job growth projections for the county, the Cuyahoga County Office of Economic Development estimates that in 2017 there were 759,580 jobs located within the county. Based on a data service utilized by the County⁵, Cuyahoga County is forecasted to add 37,692 jobs from 2017 to 2027. It should be noted that one of the industries expected to grow is *Arts, Entertainment, and Recreation*, a sector for which Downtown Cleveland has a dominant position with an LQ of 4.31 (Table 13).

Table 13: Job Growth Projection, Cuyahoga County, 2017-2027

	2017	2027	Change	% Change
	Employment	Employment	2017-27	2017-27
Agriculture, Forestry, Fishing and Hunting	279	283	4	1.6%
Mining, Quarrying, and Oil and Gas Extraction	453	392	-61	-13.4%
Utilities	3,004	2,463	-541	-18.0%
Construction	26,759	27,204	445	1.7%
Manufacturing	67,869	55,097	-12,772	-18.8%
Wholesale Trade	34,353	33,319	-1,034	-3.0%
Retail Trade	64,165	77,477	13,312	20.7%
Transportation and Warehousing	27,303	27,514	211	0.8%
Information	14,337	12,533	-1,804	-12.6%
Finance and Insurance	40,695	35,864	-4,831	-11.9%
Real Estate and Rental and Leasing	15,219	15,483	264	1.7%
Professional, Scientific, and Technical Services	50,337	45,277	-5,060	-10.1%
Management of Companies and Enterprises	23,969	20,647	-3,322	-13.9%
Administrative, Support, Waste Management, Remediation	51,098	59,920	8,822	17.3%
Educational Services	54,222	50,703	-3,519	-6.5%
Health Care and Social Assistance	146,792	153,590	6,798	4.6%
Arts, Entertainment, and Recreation	17,739	24,770	7,031	39.6%
Accommodation and Food Services	60,303	95,867	35,564	59.0%
Other Services	30,770	33,863	3,093	10.1%
Public Administration	29,813	24,893	-4,920	-16.5%
Unclassified	102	113	11	11.0%
To	tal 759,580	797,272	37,692	5.0%

Source: Ohio Development Service Agency

⁵ Estimates provided by Chmura Economics & Analytics.

5. Homeownership Market Snapshot

Estimates of current homeownership in the Center City neighborhoods have been derived from two sources: (1) the 2016 ACS; and (2) the analysis of Cleveland's current property database⁶. Both sources have limitations. ACS is both two years old and based on relatively small sampling.⁷ Similarly, estimating homeownership from the property database requires assessment of individual parcel data in terms of mailing address, name of owner, etc. We also note that as of this writing, data on Census Tract 1018 properties has not been available for inclusion in this portion of the analysis.

With these limitations, ACS data identifies nearly 4,200 homeowners in the Center City neighborhoods in 2016, while the property database analysis finds 3,600 in 2018. One-third of this difference involves the lack of property information on Census Tract 1018. The remaining discrepancies may flow from minor sampling and analytic errors.

As shown on Table 14, 10.9% of these homeowners are located Downtown, while 71.6% are in the Westside neighborhoods and 17.5% in the Eastside. Of homeowners that purchased since 2014, 71% continue to be in the strong homeownership Westside, while 21% are Downtown and only 8% are on the Eastside.

Table 14: Homeowners Households in Center City

	Downtown	Eastside	Westside	Center City Total
Homeowners (2016 ACS)	329	798	3,070**	4,197
Homeowners (Cleveland Property Database - 2018)	393	629	2,579	3,601
% of Center City Homeowners (2018)	10.9%	17.5%	71.6%	-

Source: U.S. Census Bureau, Cleveland Property Database, Urban Partners

Comparison of ACS data from 2010 to 2016 shows 40.0% growth in homeownership in Downtown and 17.4% growth in the Eastside neighborhoods (Table 15). However, the Westside, which contains the majority of owner-occupied units in Center City, lost 9.7% of its homeowners during these six years. More detailed analysis suggests much of that homeownership loss is in the far western portions of this Westside subarea.

Table 15: Change in Homeownership, 2010-2016

	Downtown	Eastside	Westside	Center City Total
Homeowners (2010 ACS)	235	680	3,399	4,314
Homeowners (2016 ACS)	329	798	2,579	3,601
% Change	40.0%	17.4%	-9.7%	-2.7%

Source: U.S. Census Bureau, Urban Partners

Analysis of 2018 Cleveland Property Database information (Table 16) suggests that about one-sixth of homeowners reside in condominiums—mostly in Downtown, but also importantly in the Westside neighborhoods. Overall, about 59% of homeowners live in single-family homes—not surprisingly—with

^{**} Includes Tract 1018

⁶ The database was obtained with the cooperation of Cleveland Neighborhood Progress.

⁷ The sampling error for homeownership for the City of Cleveland is estimated by the Census Bureau at 1.6%; for smaller census tracts these error margins range from 15% to 20%. At the scale of the Center City neighborhoods in the aggregate, this error range is likely 7% to 10%.

very little of this housing type in Downtown; but in the Westside and Eastside, we find about two-thirds of the homeowners in this housing type. Interestingly, another one-quarter of homeowners appear to occupy properties classified as two-family homes. We do not know the extent to which those homeowners rent one unit in these structures to tenants versus simply occupying both units themselves.

Table 16: Housing Type of Homeowners, 2018

	Downtown	Eastside	Westside	Center City Total
Residential Condominium	368	7	223	598
Single-Family Home	23	393	1,707	2,123
Two-Family Dwelling	2	229	649	880
Total	393	629	2,579	3,601

Source: Cleveland Property Database, Urban Partners

Long-term homeownership varies between neighborhoods. On the Eastside, more than 60.6% of homeowners purchased their homes before 2008. In Downtown, only 15.8% have lived in their homes for more than 10 years; while on the Westside, 40.6% of homeowners purchased before 2008 (Table 17).

On the other hand, 56.4% of Downtown homeowners have purchased since the beginning of 2014, including 22.1% in 2017 and first half of 2018 alone. Coupled with the growth in homeownership Downtown reported on Table 17, this suggests increasing demand for owner-occupied Downtown condominiums, reducing the previous excess supply of condominiums in Downtown. Transfer data indicates that about 25% to 30% of condominium sales in Downtown since 2014 have been purchases from developers of previous inventory (some from the 2005 to 2007 period).

Recent buyers (since 2014) are also a strong factor away from Downtown; they represent three of eight homeowners in the Westside and 18.9% of homeowners in the Eastside.

Table 17: Terms of Homeowners, 2018

	Downtown	Eastside	Westside	Center City Total
Bought Before 2008	15.8%	60.6%	40.6%	40.4%
Bought 2008 to 2010	10.4%	10.9%	8.0%	8.8%
Bought 2011 to 2013	17.3%	9.6%	14.7%	14.3%
Bought 2014 to 2016	34.3%	11.9%	21.2%	21.6%
Bought 2017 + First Half 2018	22.1%	7.0%	15.4%	15.0%

Source: Cleveland Property Database, Urban Partners

On Table 18, we examine trends in sales prices. On a price per square foot basis, Downtown condominiums are the most expensive—averaging \$215 per SF recently (2017/2018). This represents a modest up-tick from the prices paid by longer-term condo owners. By 2016, this pricing appeared to recover from the 2011 to 2013 dip, but still was at earlier pricing near \$200 per SF. The other growing condo market—Westside—remains price competitive at about 77% of Downtown prices, but this represents a significant growth in price and volume over previous circumstances. More than 55% of Westside condos have been purchased since 2014.

Nearly 500 current homeowners purchased a single-family home in the Center City area since 2014; 89% of them are in the Westside. Pricing for this home type in Westside has grown dramatically, averaging

\$141 per SF in the past 18 months. Eastside resales of single-family homes for homeownership remain highly affordable with prices in the range of \$45 per SF in the past 18 months.

The two-dwelling property class remains an importance component of homeownership with 35% of Eastside homeowners and 25% of Westside residing in that building type. Purchase of this home type by homeowners remains an important market in the post-2014 period, with 18% of Westside post-2014 owners purchasing this type and 30% of Eastside buyers.

Pricing of this property type has grown in Westside to about \$72 per SF, but this represents a 50% discount from the pricing for single-family homes. On the Eastside, two-family homes owned by homeowners have been generally under \$20 per SF.

Table 18: Home Pricing by Type & Year, Owner-Occupied Units (per SF)

	Bought 2008 to 2010	Bought 2011 to 2013	Bought 2014 to 2016	Bought 2017 + 1st Half 2018
Downtown				
Condominium	\$ 204.29	\$ 175.41	\$ 202.63	\$ 215.09
Single-Family	\$ 138.13	\$ 130.23	\$ 145.10	\$ 156.01
Two-Family	\$ 3.66	-	-	-
Eastside				
Condominium	\$ 71.95	-	\$ 102.59	\$ 124.53
Single-Family	\$ 58.40	\$ 36.93	\$ 42.57	\$ 45.53
Two-Family	\$ 20.36	\$ 17.02	\$ 17.99	\$ 11.92
Westside				
Condominium	\$ 114.23	\$ 131.97	\$ 149.45	\$ 166.56
Single-Family	\$ 76.89	\$ 83.57	\$ 108.11	\$ 141.83
Two-Family	\$ 42.73	\$ 43.42	\$ 65.10	\$ 72.21

Source: Cleveland Property Database, Urban Partners

MARKET OBSERVATIONS FOR OWNER OCCUPIED HOUSING MARKET

Thirty-seven percent (37%) of current homeowners in the Center City neighborhoods purchased their homes since the beginning of 2014. Nine out of ten (91%) of those homebuyers focused on four specific products:

- 47% bought single family homes in the Westside neighborhoods. This demand has sharply increased sales prices to \$142 per SF;
- 20% purchased condominiums in Downtown, creating enough demand that pricing finally began to uptick after many stagnant years;
- 13% bought two-family dwellings in Westside neighborhoods causing some escalation in pricing; and
- 11% purchased condominiums in Westside neighborhoods generally at prices 75% to 80% of Downtown pricing per SF.

These components of demand suggest that Ohio City, Tremont, and portions of Detroit Shoreway are being reinforced as the near-Downtown homeownership locations of choice. Escalation of pricing in these communities are strengthening property values and growing population, but also beginning to press affordability for certain housing segments (for more discussion, see Section 7, Housing Affordability). There are also some signs of a strengthening Downtown for-sale condominium market.

The Eastside neighborhoods, on the other hand, have faced generally stagnant market conditions—population and occupied housing units have remained stable, but these neighborhoods have seen the most limited homebuyer demand and pricing has stayed well below conditions in Downtown and the Westside. With growing price pressures in the Westside, these neighborhoods can offer the best opportunities for affordable and workforce homeownership within the Center City neighborhoods.

There are no indications that the growth of the Downtown housing market has drained demand from the adjacent Westside and Eastside. Rather, spillover demand from Downtown appears to be strengthening housing market conditions on the Westside, while conditions on the Eastside remain stable—being neither negatively impacted by Downtown nor, as yet, receiving any direct market benefit.

There are, however, no assurances that continued growth of Downtown will not put affordability pressures on the Eastside. Active planning needs to be undertaken to maintain the affordability of Eastside, to capture the potential for workforce housing there, and to benefit from further strengthening of the Downtown housing market.

6. Rental Market Snapshot

According to the 2016 ACS, there were a total of 18,348 renter-occupied homes in Center City, which represents a 13.4% increase from 2010. Downtown added 1,614 renter-occupied homes during this period, while the Westside neighborhoods added 555 units. Meanwhile, the Eastside neighborhoods remained stable, losing six (6) renter occupied units (Table 19).

Table 19: Total Number of Renter Occupied Homes Units, 2010-2016

	Downtown	Eastside	Westside	Center City Total
Total Renter-Occupied Units, 2010	4,570	4,945	6,670	16,185
Total Renter-Occupied Units, 2016	6,184	4,939	7,225	18,348
Total Change, 2010-2016	1,614	-6	555	2,163
% Change, 2010-2016	35.3%	-0.1%	8.3%	13.4%

Source: U.S. Census Bureau, Urban Partners

Approximately half of the Center City renter households live in structures with less than ten units. The smaller size rental structures are most prevalent in the Westside neighborhoods where two-thirds of all renter households live in structures with four-or-less units. Most of the Downtown's renter households (69.0%) live in large structures with 50-or-more units (Table 20).

Table 20: Units in Structure, Rental Homes

	Downtown	%	Eastside	%	Westside	%	Center City Total	%
All Rental Units	6,184	-	4,939	-	7,225	-	18,348	-
1, detached	121	2.0%	464	9.4%	1,221	16.9%	1,806	9.8%
1, attached	181	2.9%	880	17.8%	638	8.8%	1,699	9.3%
2	165	2.7%	347	7.0%	1,752	24.2%	2,264	12.3%
3 or 4	100	1.6%	257	5.2%	1,201	16.6%	1,558	8.5%
5 to 9	245	4.0%	1,157	23.4%	426	5.9%	1,828	10.0%
10 to 19	153	2.5%	395	8.0%	330	4.6%	878	4.8%
20 to 49	912	14.7%	385	7.8%	387	5.4%	1,684	9.2%
50 or more	4,270	69.0%	1,054	21.3%	1,259	17.4%	6,583	35.9%
Mobile home	0	0.0%	0	0.0%	11	0.2%	11	0.1%
Boat, RV, van, etc.	37	0.6%	0	0.0%	0	0.0%	37	0.2%

Source: U.S. Census Bureau

Table 21 shows the rental vacancies in Center City neighborhoods from 2010 to 2016. Center City neighborhoods reported a total of 1,500 vacant for-rent units in 2016, a decrease of 15.3% from 2010.

Table 21: Vacant, For Rent Units, 2010-2016

	Downtown	Eastside	Westside	Center City Total
Total Vacant Rental Units, 2010	651	553	568	1,772
Total Vacant Rental Units, 2016	462	533	505	1,500

Approximately three out of four renter households (74.2%) in Center City pay less than \$1,000 per month in rent. A total of 2,922 renter households pay between \$1,000 to \$1,499 per month in rent, while 1,204 households pay more than \$1,500 per month. A total of 610 renter households don't pay any cash rent, which is equivalent to 3.3% of all renter households.

Downtown reports the highest percentage of renter household paying higher rents, with 12.1% (or 748 households) paying more than \$1,500 in monthly rent. As for renter households paying more than \$3,000 per month, Downtown reported a total of 36 households (Table 22).

Table 22: Gross Monthly Rent, 2016

	Downtown	%	Eastside	%	Westside	%	Center City Total	%
Less than \$100	486	7.9%	749	15.2%	211	2.9%	1,446	7.9%
\$100 to \$299	862	13.9%	1,316	26.6%	833	11.5%	3,011	16.4%
\$300 to \$499	302	4.9%	911	18.4%	899	12.4%	2,112	11.5%
\$500 to \$999	1,939	31.4%	1,268	25.7%	3,836	53.1%	7,043	38.4%
\$1000 to \$1,499	1,736	28.1%	161	3.3%	1,025	14.2%	2,922	15.9%
\$1,500 to \$1,999	584	9.4%	141	2.9%	196	2.7%	921	5.0%
\$2,000 to \$2,499	97	1.6%	61	1.2%	28	0.4%	186	1.0%
\$2,500 to \$2,999	31	0.5%	10	0.2%	20	0.3%	61	0.3%
\$3,000 to \$3,499	26	0.4%	0	0.0%	0	0.0%	26	0.1%
\$3,500 or more	10	0.2%	0	0.0%	0	0.0%	10	0.1%
No cash rent	111	1.8%	322	6.5%	177	2.4%	610	3.3%

Source: U.S. Census Bureau

Working from DCA's inventory of Downtown rental communities, the performance of Downtown's rental market was analyzed. From 2010 to 2015, a total of 1,755 rental homes were added in Downtown with the opening of these 14 communities:

- 2010 University Studios (148 units of student apartments)
- 2013 Langston (318 units of student apartments)
- 2013 Lofts at Rosetta (97 units)
- 2013 Residences at Hanna (102 Units)
- 2013 Seasons at Perk Plaza (33 units)
- 2013 Reserve Square, Embassy Suite Conversion (232 units)
- 2014 Residences at 1717 (223 units)
- 2014 The Nine Luxury Suites (104 units)
- 2014 The Nine Boutique Suits (90 units)
- 2014 2320 Lofts (39 units of student apartments)
- 2015 Ivory on Euclid (29 units)
- 2015 The Creswell (80 units)
- 2015 Flats East Bank (241 units)
- 2015 Lofts at Southworth (18 units)

From 2016 to 2017, a total of 1,043 rental homes were added in Downtown with these eight (8) communities:

• 2016 - Schofield Residences (55 units)

- 2017 1224 Huron (9 units)
- 2017 Residences at Leader (224 units)
- 2017 Milton Townhome Apartments (16 units)
- 2017 The Edge (237 units of student apartments)
- 2017 The Garfield (123 units)
- 2017 Worthington Yards (98 units)
- 2017 Standard Building (281 units)

Downtown's rental housing market benefits from the presence of a growing off-campus population at Cleveland State University and, to a lesser degree, students attending Cuyahoga Community College (Tri-C). Responding to this demand, four rental communities have been introduced in Downtown that primarily target students renters: University Studios, Langston, 2320 Lofts, and The Edge. These complexes offer all-utilities-included rent, fitness centers, and on-site parking. Langston offers additional luxury amenities such as swimming pool, door attendant, and deck/patio space.

Asking rents per bedroom, per month in 2018 are:

Studio units: \$492 to \$1,385

One-bedroom units: \$550 to \$1,390
Two-bedroom units: \$675 to \$897
Three-bedroom units: \$775 to \$975

Four-bedroom units: \$675 to \$1,150 (Table 23)

Table 23: Summary of Rental Rates for Newly Opened Student-Oriented Complexes in Downtown

Name	Built	Total Units	Туре	Price Per Bedroom	Availability
University Studios	2010	150	Studio	\$645-\$1,385	None
Langston	318	2013	Studio	\$974	None
			1 Bedroom	\$1,269-\$1,272	
			2 Bedroom	\$749-\$897	
			3 Bedroom	\$775-\$814	
2320 Lofts	39	2014	1 Bedroom	\$550-\$600	None
			2 Bedroom	\$675-\$850	
			3 Bedroom	\$900-\$975	
			4 Bedroom	\$1,000-\$1,150	
The Edge	240	2017	Studio	\$492	Some Two-bed
			1 Bedroom	\$1390	and Four-bed
			2 Bedroom	\$849	available
			4 Bedroom	\$675	

Source: Company Websites, Apartments.com, Urban Partners

Table 24 shows 18 non-student rental communities introduced in Downtown from 2010 to 2017. Most of these complexes offer luxury amenities such as swimming pools, fitness centers, washer/dryer in the unit, dedicated parking spaces (for additional fee), and community rooms. Additionally, many of these complexes offer 24-hour security and maintenance services.

Asking rents for studio units range from \$765 to \$1,145/month (or \$1.41 to \$2.10 per SF); one-bedroom units range from \$893 to \$2,395/month (or \$1.38 to \$2.80 per SF); two-bedroom units from \$1,324 to \$5,900/month (or \$1.11 to \$2.16 per SF); and three-bedroom units range from \$1,756 to \$3,686/month (or \$1.09 to \$2.13 per SF).

Table 24: Summary of Rental Rates for Downtown Complexes Opened from 2010 to 2017

Name	Total	Built	Туре	Price	Size (SF)	\$/SF	Availability
	Units						
Lofts at Rosetta	97	2013	Studio	\$1,145-\$1,145	544-608 SF	\$1.88 to \$2.10	None
Center			1 Bedroom	\$1,050-\$1,260	737-889 SF	\$1.42	
			2 Bedroom	\$1,450	1,115 SF	\$1.30	
Residences at	102	2013	1 Bedroom	\$902-\$1,409	525-925 SF	\$1.52 to \$1.72	3 One-bed
Hanna			2 Bedroom	\$1,324-\$1,932	950-1,400 SF	\$1.38 to \$1.39	Available
Seasons at Perk	33	2013	1 Bedroom	\$1,100-\$1,400	630-905 SF	\$1.55 to \$1.75	None
Plaza			2 Bedroom	\$1,575-\$1,900	1,180-1,240 SF	\$1.33 to \$1.53	
The Nine - Luxury	104	2014	1 Bedroom	\$2,175	1,010 SF	\$2.15	Two-bed
Suites			2 Bedroom	\$,3875-\$5,900	1,817-2,775 SF	\$2.13	Available
Residences at	223	2014	1 Bedroom	\$1,018-\$1,489	740-945 SF	\$1.38 to \$1.58	1 Two-bed
1717			2 Bedroom	\$1,903-\$2,938	1,445-1,910 SF	\$1.32 to \$1.54	Available
Reserve Square	971	2013	Studio	\$792-\$922	561-561 SF	\$1.41 to \$1.64	3 Studios
		(last	1 Bedroom	\$925-\$1,099	665-714 SF	\$1.39 to \$1.54	21 One-bed
		update)	2 Bedroom	\$1,202-\$1,948	1,080-1,440 SF	\$1.11 to \$1.35	13 Two-bed
			3 Bedroom	\$1,756-\$2,003	1,615-1,700 SF	\$1.09 to \$1.18	
The Nine -	90	2014	1 Bedroom	\$1,125-\$1,325	566-667 SF	\$1.99	Two-bed
Boutique Suites			2 Bedroom	\$1,795	929 SF	\$1.93	Available
Ivory on Euclid	29	2015	2 Bedroom	\$2,025	1,185 SF	\$1.71	None
The Creswell	80	2015	1 Bedroom	\$1,200-\$1,500	769-888 SF	\$1.56 to \$1.69	2 Two-bed
			2 Bedroom	\$1,450-\$1,900	1,101-1,164 SF	\$1.32 to \$1.63	available
Flats East Bank	241	2015	1 Bedroom	\$1,906-\$2,026	876-910 SF	\$2.18 to \$2.23	None
			2 Bedroom	\$2546-\$3,676	1,331-1,700 SF	\$1.91 to \$2.16	
			3 Bedroom	\$3,686	1,602 SF	\$2.30	
Schofield	52	2016	1 Bedroom	\$1,650-\$1,925	745-870 SF	\$2.21	None
Residences			2 Bedroom	\$2,850-\$3,995	1,490-1,960 SF	\$1.91 to \$2.04	
Lofts at	18	2015	1 Bedroom	\$1,050	700 SF	\$1.50	None
Southworth			2 Bedroom	\$1,490-\$1,550	1,200-1,200 SF	\$1.24 to \$1.29	
1224 Huron	9	2015	1 Bedroom	\$1,450	912 SF	\$1.59	None
			2 Bedroom	\$1,650-\$2,100	1,102-1,078 SF	\$1.50 to \$1.95	
Residences at	224	2017	Studio	\$765-\$801	450-500 SF	\$1.60 to \$1.70	1 Two-Bed
Leader			1 Bedroom	\$893-\$1,479	515-940 SF	\$1.57 to \$1.73	Available
			2 Bedroom	\$1,591-\$3,045	1,005-1,925 SF	\$1.58	
Milton	16	2017	2 Bedroom	\$2,400	1,200 SF	\$2.00	None
Townhomes				, ,	,	,	
The Garfield	123	2017	1 Bedroom	\$1,275-\$2,395	551-889 SF	\$2.31 to \$2.69	50% leased,
			2 Bedroom	\$2,250-\$3,095	1,044-1,530 SF	\$2.02 to \$2.16	Nov-17 to
			3 Bedroom	\$3,595	1,688 SF	\$2.13	May-18
Worthington	98	2017	1 Bedroom	\$1,255-\$2,200	711-1,080 SF	\$1.77 to \$2.04	None
Yards			2 Bedroom	\$1,895-\$2,200	1,139-1,515 SF	\$1.45 to \$1.66	
			3 Bedroom	\$2,850-\$2,925	1,855-2,003 SF	\$1.46 to \$1.54	
The Standard	292	2017	1 Bedroom	\$1,400-\$2,300	808-821 SF	\$1.73 to \$2.80	50% leased,
			2 Bedroom	\$2,000-\$3,150	1,172-1,261 SF	\$1.71 to \$2.50	Jan-18 to
				. , ,.,,	, .,		May-18

Source: Company Websites, Apartments.com, Urban Partners

Table 25 shows ten notable rental communities in Downtown built prior to 2010. Amenities offered in these communities are comparable to the ones at the newest communities—such as fitness centers, washer/dryer in the unit, on-site parking (for additional fee), and community rooms. Asking rents for studio units range from \$555 to \$1,035/month (or \$1.26 to \$1.89 per SF); one-bedroom units range from \$630 to \$2,200/month (or \$0.65 to \$2.56 per SF); two-bedroom units from \$1,010 to \$3,373/month (or

\$1.06 to \$2.24 per SF); and three-bedroom units range from \$1,700 to \$4,634/month (or \$1.26 to \$2.67 per SF).

Table 25: Summary of Rental Rates for Other Notable Complexes in Downtown

Name	Total Units	Built	Туре	Price	Size (SF)	\$/SF	Availability
Sphere	407	1968	Studio	\$710-\$900	450-600 SF	\$1.50 to \$1.58	1 available
(Chesterfield)			1 Bedroom	\$835-\$1,320	745-950 SF	\$1.12 to \$1.39	
			2 Bedroom	\$1,335-\$1,360	1092-1,255 SF	\$1.08 to \$1.22	
Crittenden Court	208	1996	Studio	\$555-\$640	440-615 SF	\$1.04 to \$1.26	None
			1 Bedroom	\$870-\$870	700-740 SF	\$1.18 to \$1.24	
			2 Bedroom	\$1,010-\$1,245	950-970 SF	\$1.06 to \$1.28	
The Archer	250	2016	1 Bedroom	\$1,498-\$1,598	754-942 SF	\$1.70to \$1.99	13 one-bed,
			2 Bedroom	\$1,685-\$1,850	977-1,163 SF	\$1.59to \$1.77	13 two-beds
Water Street	100	1997	1 Bedroom	\$995-\$1,180	534-679 SF	\$1.74 to \$1.86	1 one-bed
Apartments			2 Bedroom	\$1,450	1,330 SF	\$1.09	
Bridgeview	250	2000	1 Bedroom	\$1,099-\$1,275	716-877 SF	\$1.45 to \$1.53	2 one-bed,
Apartments			2 Bedroom	\$1,525-\$1,850	1,086-1287 SF	\$1.40 to \$1.44	7 two-bed
			3 Bedroom	\$1,795-\$2,500	1,375-1611 SF	\$1.31 to \$1.55	available
The Statler	295	2002	Studio	\$865-\$1,035	522-547 SF	\$1.66 to \$1.89	1 studio,
			1 Bedroom	\$840-\$1,825	684-1,632 SF	\$1.12 to \$1.23	12 one-bed,
			2 Bedroom	\$1,100-\$1,900	1,100-1,632 SF	\$1.00 to \$1.16	6 two-bed,
			3 Bedroom	\$1,700-\$2,850	1,351-1,900 SF	\$1.26 to \$1.50	6 three-bed
Stonebridge	159	2002	1 Bedroom	\$1,026-\$1,277	1,000-1,000 SF	\$1.03 to \$1.28	5 two-beds
Apartments			2 Bedroom	\$1,084-\$2,269	925-2,000 SF	\$1.13 to \$1.17	
The Shoreline	139	2003	1 Bedroom	\$1,225-\$1,399	623-745 SF	\$1.88 to \$1.97	2 one-bed,
(Quay 55)			2 Bedroom	\$1,730-\$2,350	1,000-1,435 SF	\$1.64 to \$1.73	6 two-bed,
			3 Bedroom	\$2,740	1,800 SF	\$1.52	1 three-bed
The Bingham	342	2004	1 Bedroom	\$1,568-\$2,200	613-915 SF	\$2.40 to \$2.56	2 one-bed,
			2 Bedroom	\$1,655-\$3373	1,081-1,509 SF	\$1.53 to \$2.24	14 two-bed,
			3 Bedroom	\$3008-\$4634	1,737-1,735 SF	\$1.73 to \$2.67	1 three-bed
668 Euclid	236	2007	Studio	\$889	655 SF	\$1.36	None
			1 Bedroom	\$630-\$1,582	976-1,495 SF	\$0.65 to \$1.06	
			2 Bedroom	\$1,405-\$1,933	1,045-1,565 SF	\$1.24 to \$1.34	

Source: Company Websites, Apartments.com, Urban Partners

MARKET OBSERVATIONS FOR RENTER OCCUPIED HOUSING MARKET

From 2010 to 2015, Downtown has added a total of 1,755 rental homes, or 351 units per year. In the ensuing two years, a total of 1,043 rental homes in were introduced. All but two communities—the Garfield, and the Standard—have been fully absorbed. Not including the 208 units yet to be absorbed at the Garfield and the Standard, Downtown rental communities that opened from 2010 to 2017 have reached stabilization at an aggregate absorption rate of approximately 35 units per month.

Developers and property managers interviewed for this study indicated that the demand for new apartment units remain strong, though there are some early signs of a slowing trend. Unlike previous years when most of the renters signing the lease were brand new Downtown residents, a fair amount of hopping from one Downtown apartment to another can now be observed. Some have indicated that rent concessions could be a customary practice among Downtown rental communities in the future, but comparing the current rent rates and vacancy status of the older communities (Table 25) to the newer communities (Table 24), the older rental units are still performing well.

The major segment of the rental market in Downtown is driven by Millennials (those born between 1982 and 2000), but several developers remarked that a growing percentage of their tenants are older households—couples with small kids, retirees, and empty nester. For example, anecdotal evidence points to approximately one-third of the renters in the Flats at East Bank property being retirees or empty nesters who've recently downsized from their larger suburban homes and moved into Downtown.

As detailed in Section 3, a growing number of Downtown residents work in University Circle. In 2015, Downtown residents commuting to University Circle totaled 678, which represents 12.2% of all employed residents in Downtown. According to one property manager, demonstrating the large influence of the Cleveland Clinic and University Hospitals in University Circle, Match Day for the National Resident Matching Program is one of the busiest days for apartment managers operating in Downtown.

As of this report, the following seven rental communities are at some stage of construction. At the current pace of absorption, these 850 units will be fully leased up in a span of 24 to 28 months.

- The Shoreline (Quay 55) 29 units
- Bloch Building 12 units
- Residences at Halle 122 units
- Harbor Verandas 16 units
- The Beacon 187 units
- Cleveland Athletic Club Building 166 units
- The Lumen 318 units

At the current absorption rate of 35 units per month, Downtown Cleveland can absorb up to 3,800 rental homes from 2018 to 2026. The total number of renter-occupied housing in Downtown in that scenario will be approximately 10,800 units (6,184 units reported in the 2016 ACS + 835 units absorbed in 2016-2017 + 3,800 units to be absorbed from 2018-2016).

The growth of Downtown's rental market has occurred without negatively impacting the rental markets in the Eastside and Westside neighborhoods. From 2010 to 2016, the Eastside neighborhoods have remained stables in the total number of rental homes, while the Westside neighborhoods added 555 new units.

Notable rental communities in the Eastside include Sankofa Village with asking rents ranging from \$675 to \$1,075 per month (\$1,000 for 2-bedroom units), Innerbelt Lofts with asking rents ranging from \$968 to \$1,611 per month, Body Block Arcade Apartments with asking rents ranging from \$650 to \$897 per month, and 1900 Euclid Lofts asking rents ranging from \$900 to \$1,595 per month. The Eastside neighborhoods—located between Downtown and University Circle—are in great position to absorb the rental housing demand originating from both sides. Commuters using the Healthline bus on Euclid Avenue can travel from E. 30th Street to Cleveland Clinic in just 14 minutes.

The rental housing market in the Westside also benefit from their proximity to Downtown, but it has the added advantage of the RTA Redline and the trail/recreation amenities along the lake at Edgewater Park. Asking rents at these communities are near Downtown prices, including: Battery Park Loft Apartments from \$2,014 to \$2,439 per month; the Edison at Gordon Square from \$1,354 to \$2,938 per month; Edge 32 Apartments from \$1,994 to \$2,414 per month; Mariner's Watch Apartments from \$1,558 to \$3,718 per month; and Clinton West Luxury Apartments from \$1,525 to \$3,450 per month.

7. Housing Affordability

The U.S. Department of Housing and Urban Development (HUD) publishes the Comprehensive Housing Affordability Strategy (CHAS) data that combine the U.S. Census Bureau's ACS with HUD adjusted median family incomes (or more commonly referred to as Area Median Income or AMI) to create estimates of the number of households that would qualify for HUD assistance. The CHAS data also incorporate household characteristics and housing unit characteristics (such as number of bedrooms and rent/owner costs). These characteristics are combined into a series of cross-tabulations, each of which has a particular focus.

To study the discernable patterns of housing affordability in Downtown and the other Center City neighborhoods, CHAS data from 2009 and 2014 were analyzed⁸. First, Cleveland-Elyria-Mentor MSA's HUD income limits and income categories for 2009 and 2014 are shown in Table 26 and Table 27 below.

Table 26: 2009 HUD Income Limits by Income Category

	Household Size							
Income Category	1	2	3	4	5	6	7	8
Median Income (100%)	\$45,400	\$51,800	\$58,300	\$64,800	\$70,000	\$75,200	\$80,400	\$85,500
Low-Income (80%)	\$36,320	\$41,440	\$46,640	\$51,840	\$56,000	\$60,160	\$64,320	\$68,400
Very Low-Income (50%)	\$22,700	\$25,900	\$29,150	\$32,400	\$35,000	\$37,600	\$40,200	\$42,750
Extremely Low Income (30%)	\$13,620	\$15,540	\$17,490	\$19,440	\$21,000	\$22,560	\$24,120	\$25,650

Source: HUD

Table 27: 2014 HUD Income Limits by Income Category

	Household Size							
Income Category	1	2	3	4	5	6	7	8
Median Income (100%)	\$43,900	\$50,100	\$56,400	\$62,600	\$67,700	\$72,700	\$77,700	\$82,700
Low-Income (80%)	\$35,100	\$40,100	\$45,100	\$50,100	\$54,150	\$58,150	\$62,150	\$66,150
Very Low-Income (50%)	\$21,950	\$25,050	\$28,200	\$31,300	\$33,850	\$36,350	\$38,850	\$41,350
Extremely Low Income (30%)	\$13,200	\$15,050	\$16,950	\$18,800	\$20,350	\$21,850	\$23,350	\$24,850

Source: HUD

INCOME DIVERSITY FOR OWNER-OCCUPANT HOUSEHOLDS

According to the CHAS data, higher percentage of Downtown owner-occupants are at or above 100% of the AMI in 2014 than in 2009. A vast majority of Downtown owner-occupants (92.5%) fall into that income category, compared to 66.7% in 2009 (Table 28).⁹

Table 28: Household income for Downtown Owner Occupants as a percentage of AMI, 2009-2014

	Downtown Owner	•	Downtown Owner	
	Occupants - 2009	%	Occupants - 2014	%
All Incomes	255	-	265	-
At or above 100% of Median	170	66.7%	245	92.5%
Between 80% of 100% of Median	50	19.6%	10	3.8%
Between 50% of 80% of Median	0	0.0%	10	3.8%
Between 30% of 50% of Median	10	3.9%	0	0.0%
Below 30% of Median	25	9.8%	0	0.0%

Source: HUD, Urban Partners

 $^{\rm 8}$ As of this report, the most recent version published by HUD are the 2014 CHAS.

⁹ We must note that, for areas with small numbers of households such as Downtown, the sampling for ACS (8% of households over a five-year period) can result is significant sampling error.

Detailed in Table 29, the biggest change in the income diversity of the Eastside neighborhoods from 2009 to 2014 was the increase of owner-occupants in the 80% to 100% of the Area Median Income range. A total of 154 households in that income category were reported in 2014, comprising 17.1% of all owner-occupant households in the Eastside neighborhoods.

Table 29: Household income for Eastside Owner Occupants as a percentage of AMI, 2009-2014

	Eastside Owner Occupants - 2009	%	Eastside Owner Occupants - 2014	%
All Incomes	801	-	903	-
At or above 100% of Median	280	35.0%	275	30.5%
Between 80% of 100% of Median	14	1.7%	154	17.1%
Between 50% of 80% of Median	255	31.8%	135	15.0%
Between 30% of 50% of Median	124	15.5%	158	17.5%
Below 30% of Median	128	16.0%	181	20.0%

Source: HUD, Urban Partners

The income diversity for owner-occupant households in the Westside neighborhoods is shown in Table 30. Like Downtown, the Westside neighborhoods reported higher percentage of wealthier households in 2014, as indicated by the percentage of owner-occupant households at or above 100% of AMI (41.5% in 2009 to 50.0% in 2014). The most significant shifts during this period for the Westside neighborhoods are the reduction of the overall number of owner-occupant units (842 units) and the decrease of owner-occupant households earning between 30% and 80% of the Area Median Income (-627 households).

Table 30: Household income for Westside Owner Occupants as a percentage of AMI, 2009-2014

	Westside Owner	·	Westside Owner	
	Occupants - 2009	%	Occupants - 2014	%
All Incomes	3,892	-	3,050	-
At or above 100% of Median	1,615	41.5%	1,525	50.0%
Between 80% of 100% of Median	345	8.9%	296	9.7%
Between 50% of 80% of Median	809	20.8%	429	14.1%
Between 30% of 50% of Median	610	15.7%	363	11.9%
Below 30% of Median	513	13.2%	437	14.3%

Source: HUD, Urban Partners

Taken as a whole, fewer owner-occupied households residing in the Center City neighborhoods are below 80% of the Area Median Income—reporting 40.7% of all owner-occupant households in 2014, compared to 50.0% in 2009. Additionally, nearly half of the owner-occupied households are at or above 100% of the AMI in 2014, compared to 41.7% in 2009 (Table 31).

Table 31: Household income for Center City Owner Occupants as a percentage of AMI, 2009-2014

ruble 31. Household income for center city owner occupants us a percentage of Airin, 2003 2014						
	Center City Owner		Center City Owner			
	Occupants - 2009	%	Occupants - 2014	%		
All Incomes	4,948		4,218			
At or above 100% of Median	2,065	41.7%	2,045	48.5%		
Between 80% of 100% of Median	409	8.3%	460	10.9%		
Between 50% of 80% of Median	1,064	21.5%	574	13.6%		
Between 30% of 50% of Median	744	15.0%	521	12.4%		
Below 30% of Median	666	13.5%	618	14.7%		

Source: HUD, Urban Partners

INCOME DIVERSITY FOR RENTER-OCCUPANT HOUSEHOLDS

According to the CHAS Data, higher percentage of Downtown renter-occupants are at or above 100% of the AMI than in 2009. A total of 2,425 renter households in Downtown (representing 40.9% of all renters) fall into that income category, compared to 32.8% in 2009 (Table 32).

Table 32: Household income for Downtown Renter Occupants as a percentage of AMI, 2009-2014

	Downtown Renter		Downtown Renter	
	Occupants - 2009	%	Occupants - 2014	%
All Incomes	5,619	-	5,925	-
At or above 100% of Median	1,845	32.8%	2,425	40.9%
Between 80% of 100% of Median	305	5.4%	185	3.1%
Between 50% of 80% of Median	660	11.7%	540	9.1%
Between 30% of 50% of Median	555	9.9%	565	9.5%
Below 30% of Median	2254	40.1%	2,210	37.3%

Source: HUD, Urban Partners

In the Eastside neighborhoods, both ends of the income range saw increases from 2009 to 2014. Renter households earning at or above 100% of AMI increased from 4.8% in 2009 to 12.3% in 2014. At the same time, renter households earning less than 30% of the AMI also increased from 60.1% in 2009 to 63.9% in 2014 (Table 33).

Table 33: Household income for Eastside Renter Occupants as a percentage of AMI, 2009-2014

	Eastside Renter Occupants - 2009	%	Eastside Renter Occupants - 2014	%
All Incomes	4,083	-	4,673	-
At or above 100% of Median	194	4.8%	574	12.3%
Between 80% of 100% of Median	205	5.0%	114	2.4%
Between 50% of 80% of Median	515	12.6%	388	8.3%
Between 30% of 50% of Median	714	17.5%	613	13.1%
Below 30% of Median	2,455	60.1%	2,984	63.9%

Source: HUD, Urban Partners

From 2009 to 2014, Westside renter households earning at or above 100% of AMI increased from 10.9% to 19.3%; while renter households earning less than 30% of AMI decreased from 50.4% to 38.7% during this period. On the other hand, a total of 421 renter households earning between 30% and 50% of AMI were added to the Westside, increasing their percentage share from 14.1% in 2009 to 20.8% in 2014 (Table 34).

Table 34: Household income for Westside Renter Occupants as a percentage of AMI, 2009-2014

	Westside Renter		Westside Renter	
	Occupants - 2009	%	Occupants - 2014	%
All Incomes	6,996	-	6,762	-
At or above 100% of Median	763	10.9%	1,305	19.3%
Between 80% of 100% of Median	475	6.8%	420	6.2%
Between 50% of 80% of Median	1,250	17.9%	1,015	15.0%
Between 30% of 50% of Median	984	14.1%	1,405	20.8%
Below 30% of Median	3,524	50.4%	2,617	38.7%

Source: HUD, Urban Partners

Significant numbers of high priced rental apartments have been introduced in the Center City neighborhoods from 2009 and 2014, and the CHAS data reflect this development pattern. During this time, a total of 1,502 renter households at or above 100% of AMI were added to the Center City neighborhoods, increasing their share from 16.8% of all renter households in 2009 to 24.8% in 2014. As for renter households earning less than 50% of AMI, Center City neighborhoods have held steady (from 10,486 units in 2009 to 10,394 units in 2014, see Table 35).

Table 35: Household income for Center City Renter Occupants as a percentage of AMI, 2009-2014

	Center City Renter Center City Rente			
	Occupants - 2009	%	Occupants - 2014	%
All Incomes	16,698	-	17,360	
At or above 100% of Median	2,802	16.8%	4,304	24.8%
Between 80% of 100% of Median	985	5.9%	719	4.1%
Between 50% of 80% of Median	2,425	14.5%	1,943	11.2%
Between 30% of 50% of Median	2,253	13.5%	2,583	14.9%
Below 30% of Median	8,233	49.3%	7,811	45.0%

Source: HUD, Urban Partners

HOUSING COST BURDEN FOR CENTER CITY HOUSEHOLDS

The U.S. Census Bureau's definition of "cost-burdened" households are those who pay more than 30% of their income on housing costs. Using the CHAS data, the following cost burden analysis was performed for the Center City neighborhoods. Table 36 shows the percentage of owner-occupant households who are cost burdened in Downtown, Westside, and Eastside neighborhoods by income categories. In 2014, Downtown reported a total of 60 cost burdened owner-occupant households, while Eastside and Westside neighborhoods report 311 and 661, respectively.

Table 36: Cost Burdened Owner Occupant Households by Neighborhood, 2014

	Downtown Cost	Downtown Cost	Eastside Cost	Eastside Cost	Westside Cost	Westside Cost
	Burdened	Burdened	Burdened	Burdened	Burdened	Burdened
	Owners	Owners	Owners	Owners	Owners	Owners
		(%)		(%)		(%)
All Incomes	60	-	311	-	661	-
At or above 100% of Median	40	15.7%	25	9.2%	69	4.5%
Between 80% of 100% of Median	10	100.0%	70	44.6%	62	21.2%
Between 50% of 80% of Median	10	100.0%	60	44.1%	15	43.8%
Between 30% of 50% of Median	0	-	32	21.6%	216	64.1%
Below 30% of Median	0	-	124	66.7%	299	73.1%

Source: HUD, Urban Partners

Table 37 shows the percentage of renter-occupant households who are cost burdened in the Center City neighborhoods by income categories. In 2014, Downtown reported a total of 2,029 cost burdened renter-occupant households, while Eastside and Westside neighborhoods report 1,613 and 2,995, respectively.

Table 37: Cost Burdened Renter Occupant Households by Neighborhood, 2014

	Downtown Cost Burdened Owners	Downtown Cost Burdened Owners (%)	Eastside Cost Burdened Owners	Eastside Cost Burdened Owners (%)	Westside Cost Burdened Owners	Westside Cost Burdened Owners (%)
All Incomes	2,029	-	1,613	-	2,995	-
At or above 100% of Median	95	3.9%	34	6.2%	-	0.0%
Between 80% of 100% of Median	30	16.8%	-	0.0%	35	8.5%
Between 50% of 80% of Median	420	76.4%	73	19.3%	200	20.3%
Between 30% of 50% of Median	444	78.0%	277	46.2%	1,034	72.4%
Below 30% of Median	1,040	46.8%	1,229	41.5%	1,726	65.9%

Source: HUD, Urban Partners

Examined together, a total of 7,839 cost burdened households reside in the Center City neighborhoods in 2014, equivalent to 36.3% of all households. Of these cost burdened households, 3,915 are categorized as "severely cost burdened" or pay more than 50% of their income for housing costs (Table 38).

Table 38: Cost Burdened Households in Center City, 2014

	Severely Cost Burdened	Cost Burdened	Not Burdened/ Not Calculated	Grand Total
All Incomes	3,915	3,924	13,631	21,470
At or above 100% of Median	28	235	6,072	6,335
Between 80% of 100% of Median	24	183	961	1,168
Between 50% of 80% of Median	130	818	1,535	2,483
Between 30% of 50% of Median	769	1,234	1,079	3,082
Below 30% of Median	2,964	1,454	3,984	8,402

Source: HUD, Urban Partners

INCOME RESTRICTED COMMUNITIES IN CENTER CITY

Table 39 lists the income-restricted rental communities located in Center City. As of this report, there are a total of 5,908 income-restricted rental homes in 40 communities in various parts of Center City, representing 32.2% of the total rental market. In Downtown, there are a total of 1,430 income-restricted units—for which roughly half are located at the Lakeview community operated by Cuyahoga Metropolitan Housing Authority (CMHA)—representing 23.1% of all rental units. There are 3,534 income-restricted units in the Eastside neighborhoods, representing 71.6% of all rental homes. On the Westside, 1,662 units are income-restricted, representing 23.0% of all rental housing units.

Table 39: Summary of Income-Restricted Communities in Center City

	Downtown	Eastside	Westside	Center City Total
Income Restricted Units – Total	1,430	3,534	1,662	6,626
Public Housing (CMHA)	718	2,158	593	3,469
HUD Disabled	-	-	10	10
HUD Multi-Family	199	893	126	1,218
HUD Senior	-	422	262	684
Low Income Housing Tax Credit	243	61	631	935
Low Income Housing Tax Credit – Senior	270	-	40	310
Income Restricted Units – % of Total Rental Market	23.1%	71.6%	23.0%	36.1%

Source: HUD, CMHA, PolicyMap, Urban Partners

Table 40 is a detailed list of all income-restricted communities located in Center City. Also see Figure 14 on the following page for a map of all 40 communities within Center City.

Table 40: Detailed List of Income-Restricted Communities in Center City

Ref	Name	Address	Neighborhood	Total	Туре	Expiration
#				Units		Date
1	St. Clair Place	1380 E. 13 th St	Downtown	199	HUD Multifam	2017
2	1850 Superior	1850 Superior Ave	Downtown	44	LIHTC	2020
3	Allerton Apt	1802 E. 13 th St	Downtown	199	LIHTC	2023
4	Winton Manor	1012 E. Prospect Ave	Downtown	270	LIHTC Senior	2021
5	Lakeview	2700 Washington Ave	Downtown	718	Public Housing	N/A
6	Langston Commons	3043 Project Ave	Eastside	88	HUD Multifam	2031
7	Arbor Park	3750 Fleming Ave	Eastside	629	HUD Multifam	2024
8	St. Andrews Tower	5225 Superior Ave	Eastside	176	HUD Multifam	2023
9	Asia Evergreen	3843 Payne Ave	Eastside	42	HUD Senior	2017
10	Skyline Tower	2250 Community College Ave	Eastside	278	HUD Senior	2033
11	Help Six Chimneys	3907 Prospect Ave	Eastside	46	HUD Senior	2024
12	Emeritus House	4450 Cedar Ave	Eastside	56	HUD Senior	2023
13	Independence PI	4019 Prospect Ave	Eastside	22	LIHTC	2026
14	Nouvelle Espoire Arcade	4925 Payne Ave	Eastside	39	LIHTC	2025
15	Olde Cedar	2202 E. 30 th St	Eastside	550	Public Housing	N/A
16	Cedar Ext High Rise	2202 E. 30 th St	Eastside	155	Public Housing	N/A
17	Outhwaite Homes	2452 E. 46 th St	Eastside	712	Public Housing	N/A
18	Carver Park	2366 E. 55 th St	Eastside	741	Public Housing	N/A
19	Franklin House	8300 Franklin Ave	Westside	10	HUD Disabled	2018
20	Lake Avenue Commons	8321 Lake Ave	Westside	79	HUD Senior	2023
21	Ville Mercedes	1331 W 70 th St	Westside	150	HUD Senior	2034
22	Colman Court	2025 W 65 th St	Westside	33	HUD Senior	2017
23	Magnolia on Detroit	1375 W 83 rd St	Westside	126	HUF Multifam	2026
24	Bishop Homes	1809 Fulton Rd	Westside	6	LIHTC	2019
25	Cleveland Multifamily	1788 W. 45th St	Westside	31	LIHTC	2019
26	Courtland Building	5403 Detroit Ave	Westside	16	LIHTC	2032
27	Harp Apartments	1389 W. 64th St	Westside	13	LIHTC	2030
28	Kennedy Building	1403 W. 65th St	Westside	8	LIHTC	2024
29	Nelson W. 47th	1818 W. 47th St	Westside	1	LIHTC	2018
30	Skibo Homes	6901 Detroit Ave	Westside	49	LIHTC	2024
31	Emerald Commons	1976 W. 79th St	Westside	52	LIHTC	2021
32	Gordon Sq Homes	7001 Detroit Ave	Westside	85	LIHTC	2021
33	Magnolia on Detroit	8016 Detroit Ave	Westside	126	LIHTC	Not avail
34	Templin-Bradley Co. Lofts	5700 Detroit Ave	Westside	15	LIHTC	2030
35	Valleyview Phase I	2556 W. 6 th St	Westside	102	LIHTC	2022
36	Valleyview Phase Ii	2556 W. 6 th St	Westside	87	LIHTC	2024
37	Cogswell Hall	7200 Franklin Blvd	Westside	40	LIHTC-Special Needs	2024
38	Ohio City Elderly	3207 Franklin Blvd	Westside	40	LIHTC Senior	2018
39	Riverview Tower	1795 W 25 th St	Westside	498	Public Housing	N/A
40	Tremont Pointe	2560 W 6th St	Westside	95	Public Housing	N/A

Source: HUD, CMHA, PolicyMap, Urban Partners

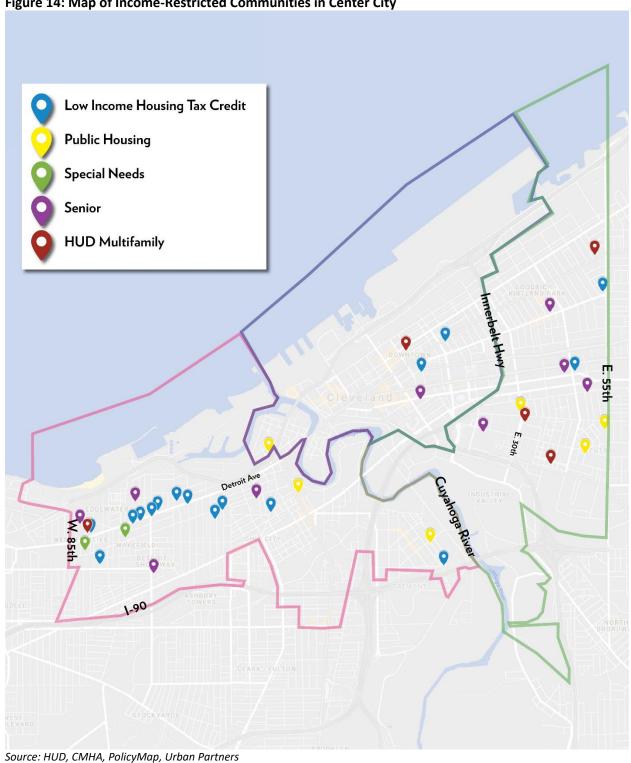


Figure 14: Map of Income-Restricted Communities in Center City

8. Comparison Analysis of Downtowns

The resurgence of the housing markets in downtowns of larger metropolitan areas has been occurring at varying paces over the past five decades. To assess the long-term potential growth of the Downtown Cleveland market, it is important to place Cleveland within the context of a larger pool of downtowns, including many that have more mature housing markets. Within that context and in order to identify future growth potential for Downtown Cleveland, population and employment characteristics in the downtown areas for the following ten cities were analyzed¹⁰:

- Boston, MA
- Denver, CO
- Indianapolis, IN
- Memphis, TN
- Milwaukee, WI

- Minneapolis, MN
- Orlando, FL
- Philadelphia, PA
- San Francisco, CA
- Seattle, WA

Additionally, Downtown Cleveland is compared to two peer downtowns in Cincinnati, OH and Pittsburgh, PA in Appendix 1.

In Table 41, the total population in households, physical size, and population density of Downtown Cleveland is compared to the ten comparison downtowns. Though the physical size of Downtown Cleveland (4.553 Sq. Mi.) is slightly bigger than the average of the ten downtowns (4.409 Sq. Mi.), the total population (in households and college dormitories) is less than a quarter of the average population for the compared downtowns (12,025 to 58,103).

Table 41: Comparison of Physical Size, Population, and Population Density - 2015

	Physical Size	Total	Population Density
	(Sq. Mi.)	Population	(persons/Sq. Mi.)
Downtown Cleveland	4.553	12,025	2,641
Average for 10 Cities	4.409	58,103	12,740
Downtown San Francisco	6.568	188,960	28,770
Downtown Boston	2.497	63,790	25,547
Downtown Seattle	3.142	60,813	19,355
Downtown Philadelphia	6.649	106,392	16,001
Downtown Denver	5.942	58,988	9,927
Downtown Milwaukee	2.713	34,415	9,093
Downtown Minneapolis	3.785	22,531	8,305
Downtown Orlando	4.966	19,130	3,852
Downtown Indianapolis	4.420	16,001	3,620
Downtown Memphis	3.411	10,007	2,934

¹⁰ Data source for this comparison analysis are the *OnTheMap* application for employment statistics and the American Community Survey for demographic numbers. The study areas for each of the ten downtowns are the census tracts that encompass the central business districts with the highest employment concentrations within their respective cities.

In Table 42, Downtown Cleveland's total number of jobs, as well as its share of the employment situated in the city and the metropolitan area, are compared to the ten comparison downtowns. As detailed previously, Downtown Cleveland is home to a total of 97,353 jobs, which accounts for 34.6% of Cleveland's jobs and 7.3% of the 7-County Region's jobs. The average shares of the city and regional jobs are 38.5% and 12.0%, respectively.

Table 42: Comparison of Jobs and Shares of City/Regional Employment - 2015

	Total Downtown Jobs	Share of Jobs in the City	Share of Jobs in the Metro Area
Downtown Cleveland	97,353	34.6%	7.3%
Average for 10 Cities	-	-	12.0%
Downtown San Francisco	491,608	70.2%	21.3%
Downtown Boston	293,528	47.2%	11.3%
Downtown Seattle	235,071	41.4%	10.1%
Downtown Philadelphia	280,597	43.2%	12.9%
Downtown Denver	185,226	37.5%	13.2%
Downtown Milwaukee	103,608	25.8%	15.0%
Downtown Minneapolis	151,120	44.9%	8.1%
Downtown Orlando	103,734	30.8%	9.0%
Downtown Indianapolis	152,667	34.4%	12.3%
Downtown Memphis	39,561	9.6%	6.6%

Source: U.S. Census Bureau, Urban Partners

Next, the Downtown Cleveland's In-Area Employment Efficiency, or the percentage of jobs in Downtown filled by Downtown residents, is compared to those of the ten downtowns. Of the 97,353 jobs in Downtown Cleveland, only 1,782 (or 1.8%) are held by Downtown residents. The average percentage of downtown jobs held by residents in the ten comparison downtowns is 5.1% (Table 43).

Table 43: Comparison of In-Area Employment Efficiency - 2015

	Total Downtown Jobs	Downtown Jobs Held by Residents	In-Area Employment Efficiency
Downtown Cleveland	97,353	1,782	1.8%
Average for 10 Cities	-	-	5.1%
Downtown San Francisco	491,608	54,631	11.1%
Downtown Philadelphia	280,597	20,903	7.4%
Downtown Denver	185,226	13,429	7.3%
Downtown Seattle	235,071	12,861	5.5%
Downtown Boston	293,528	14,514	4.9%
Downtown Milwaukee	103,608	3,964	3.8%
Downtown Minneapolis	151,120	5,031	3.3%
Downtown Indianapolis	152,667	3,923	2.6%
Downtown Orlando	103,734	2,475	2.4%
Downtown Memphis	39,561	856	2.2%

In Table 44, Downtown Cleveland's ratio of total employed Downtown residents to Downtown jobs filled by residents is compared to those of the ten downtowns. The *OnTheMap* application reports a total of 5,580 employed residents, 1,782 of whom work in Downtown for a ratio of 3.13 total employed Downtown residents to those working and living in Downtown. The average ratio for the ten comparison downtowns is 3.17.

Table 44: Ratio of Employed Downtown Residents to Downtown Jobs Filled by Residents - 2015

	Employed Downtown Residents	Residents Who Work in Downtown	Ratio
Downtown Cleveland	5,580	1,782	3.13
Average for 10 Cities	-	-	3.17
Downtown San Francisco	110,709	54,631	2.03
Downtown Philadelphia	53,463	20,903	2.56
Downtown Denver	39,265	13,429	2.92
Downtown Seattle	37,702	12,861	2.93
Downtown Boston	35,314	14,514	2.43
Downtown Milwaukee	15,027	3,964	3.79
Downtown Minneapolis	13,945	5,031	2.77
Downtown Orlando	11,756	2,475	4.75
Downtown Indianapolis	9,319	3,923	2.38
Downtown Memphis	4,396	856	5.14

Source: U.S. Census Bureau, Urban Partners

In Table 45, Downtown Cleveland's ratio of total population to the number of employed residents is compared to those of the ten downtowns. The ratio of Downtown Cleveland's total population in households and college dormitories (12,025 residents) to the number of employed residents (5,580) is 2.16, compared to the average ratio of 1.81 for the ten comparison downtowns.

Table 45: Ratio of Population to Employed Residents

	Total Population	Total Employed Residents	Ratio
Downtown Cleveland	12,025	5,580	2.16
Average for 10 Cities	-	-	1.81
Downtown Denver	58,988	39,265	1.50
Downtown Seattle	60,813	37,702	1.61
Downtown Minneapolis	22,531	13,945	1.62
Downtown Orlando	19,130	11,756	1.63
Downtown San Francisco	188,960	110,709	1.71
Downtown Indianapolis	16,001	9,319	1.72
Downtown Boston	63,790	35,314	1.81
Downtown Philadelphia	106,392	53,463	1.99
Downtown Memphis	10,007	4,396	2.28
Downtown Milwaukee	34,415	15,027	2.29

Finally, Downtown Cleveland's homeownership rate of 5.1% is extremely low compared to the average rate of 22.7% for the ten downtowns. With a homeownership rate of 12.9% Memphis is the lowest among the ten comparison downtowns, but still more than twice that of Downtown Cleveland (Figure 15).

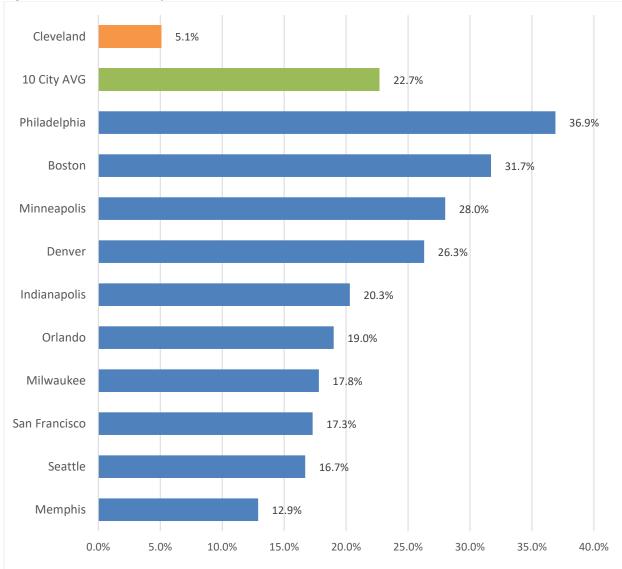


Figure 15: Homeownership Rates

MID-TERM GROWTH POTENTIAL FOR DOWNTOWN CLEVELAND (2021-2030)

In this section, the estimated future growth potential for Downtown Cleveland is analyzed based on the expectation that Downtown Cleveland as a residential community can grow within the profiles of the more mature circumstances of the ten comparison downtowns analyzed above. The baseline assumption for this projection is that employment levels in the 7-County Region will see modest growth for the foreseeable future (at approximately 0.3% per year, ending up with 1.39 million jobs in 2030). However, in assessing the growth of Downtown housing, we will assume that the level of economic and residential activity Downtown will shift toward the averages for the ten more mature downtowns noted above. The following is a set of assumptions for the 2018 to 2021 period:

	<u>2018</u>	<u>2021</u>	AVG 10-Downtowns
 The percentage of Regional jobs located in Downtown will grow 	7.6%	7.8%	12.0%
 The percentage of Downtown jobs held by Downtown residents will increase 	2.05%	2.38%	5.1%
 The ratio of employed Downtown residents to employed residents who work in Downtown will increase slightly 	3.15	3.16	3.17
 The ratio of total Downtown population to employed residents will decline 	2.12	2.06	1.81
 The average household size in Downtown will increase 	1.61	1.63	1.68
 The tenure of Downtown households will shift toward ownership 	5.4%	6.2%	22.7%

Table 46 shown on the next page is a forecast model of Downtown's growth from 2021 to 2030 assuming the continuous incremental shifts in economic and resident behavior. The following are the assumptions:

- The percentage of the Region's jobs located in Downtown grows from 7.8% to 8.7%.
- The percentage of Downtown jobs held by Downtown residents grows from 2.38% to 3.37%.
- The ratio of employed Downtown residents to workers living & working Downtown increases from 3.16 to 3.17.
- The ratio of Downtown population to employed Downtown residents drops from 2.06 to 1.92.
- The average household size increases from 1.63 to 1.66.
- Homeownership rate increases from 6.2% to 9.3%.

Based on the above assumptions, Downtown Cleveland will achieve these numbers by 2030 (Table 46):

•	Downtown Employment:	120,982
•	Downtown Residents Working in Downtown:	4,077
•	Total Employment Downtown Residents:	12,912
•	Total Downtown Population ¹¹ :	24,766
•	Total Occupied Housing Units:	14,901
•	Total Occupied Owner-Occupied Homes:	1,386
•	Total Occupied Rental Units:	13,515

¹¹ As noted in the Introduction, the area defined as Downtown in this study does not include portions east of the Innerbelt to E. 30th Street.

Table 46: Forecast Model for Downtown Cleveland Growth, 2021-203012

			2023	2024	2025	2026	2027	2028	2029	2030
Regional Employment (in millions)	1.356	1.359	1.363	1.367	1.371	1.375	1.379	1.383	1.387	1.391
% of Region jobs located Downtown	7.8%	7.9%	8.0%	8.1%	8.2%	8.3%	8.4%	8.5%	8.6%	8.7%
Downtown Employment	105,729	107,393	109,064	110,743	112,430	114,125	115,828	117,538	119,256	120,982
% of Downtown jobs held by Downtown residents	2.38%	2.49%	2.60%	2.71%	2.82%	2.93%	3.04%	3.15%	3.26%	3.37%
Downtown Residents Working	2,516	2,674	2,836	3,001	3,171	3,344	3,521	3,702	3,888	4,077
Downtown										
Ratio of employed Downtown residents to workers living & working Downtown	3.16	3.16	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17
Total Employed Downtown	7,954	8,461	8,981	9,505	10,041	10,590	11,152	11,726	12,313	12,912
Residents										
Ratio of Downtown population to employed residents	2.06	2.04	2.02	2.01	1.99	1.98	1.96	1.95	1.93	1.92
Total Downtown Population in	16,409	17,285	18,168	19,085	20,012	20,947	21,890	22,842	23,800	24,766
Households + Dorms										
Average household size	1.63	1.63	1.63	1.64	1.64	1.65	1.65	1.65	1.66	1.66
Total Occupied Downtown Units	10,092	10,605	11,119	11,652	12,187	12,726	13,267	13,810	14,355	14,901
% owner-occupied units	6.2%	6.5%	6.8%	7.1%	7.4%	7.7%	8.1%	8.5%	8.9%	9.3%
Renter-occupied units (demand)	9,466	9,915	10,362	10,824	11,286	11,746	12,192	12,636	13,077	13,515
Owner-occupied units (demand)	626	689	756	827	902	980	1,075	1,174	1,278	1,386
Incremental Supply Required -	531	533	534	554	557	559	562	563	565	567
Total										
Rental @ 96% Occupancy	469	468	466	481	481	480	465	462	459	456
Ownership @ 98% Occupancy	62	65	68	73	76	80	97	101	106	110

Source: U.S. Census Bureau, Downtown Cleveland Alliance, Urban Partners

In general, this forecast for the 2021 to 2030 period shows demand sufficient to support an average of 500 to 550 new housing units being added to the supply annually. This assumes a stable 96% occupancy for rental units and 98% occupancy for owner-occupied units. This forecast also shows a modest shift toward homeownership units as housing conditions in the Downtown mature.

The following shows the population growth forecast for the Downtown Study Area and the portion between the Innerbelt Highway and E. 30th Street. Based on this calculation, the traditionally defined Downtown area will exceed 20,000 residents in 2021 (Table 47).

Table 47: Forecast Model for Traditionally Defined Downtown, 2021-2030

¹² See Appendix 2 for growth pattern observed for the 2014-2017 and anticipated for 2018-2020.

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total "Core" Downtown	16,409	17,285	18,168	19,085	20,012	20,947	21,890	22,842	23,800	24,766
Population in Households +										
Dorms										
Inner Belt-3oth Street	3,604	3,604	3,604	3,604	3,914	3,914	3,914	3,914	3,914	3,914
Residents										
Total Downtown Population	20,013	20,889	21,772	22,689	23,926	24,861	25,804	26,756	27,714	28,680
in Households + Dorms										

Source: U.S. Census Bureau, Downtown Cleveland Alliance, Urban Partners

Measured against the average economic and residential patterns observed in the ten comparison downtowns, the assumptions used for the above forecast model are very modest. If Downtown Cleveland achieves merely the average marks for the ten comparison downtowns, the resulting growth will translate to over 50,000 residents and 30,000 housing units (Table 48).

Table 48: Additional Growth Capacity Growth Based on Comparison Downtowns

	AVG Rate/Ratio Comparison Downtowns	Result Based on Comparison Downtown AVG
% of Region jobs located Downtown	12.0%	172,800 Jobs
% of Downtown jobs held by Downtown residents	5.1%	8,813 Residents Working in Downtown
Ratio of employed Downtown residents to workers living & working Downtown	3.17	27,937 Employed Downtown Residents
Ratio of Downtown population to employed Downtown residents	1.81	50,564 Total Downtown Residents
Average household size	1.68	30,098 Total Housing Units
% owner-occupied units	22.7%	6,832 Owner Units, 23,266 Rental Units

9. Preliminary Conclusions on Mid-Term Housing Demand

The forecast model summarized on Table 46 details demand for 14,900 housing units in Downtown Cleveland by 2030—an increase of 6,600 over the approximately 8,300 occupied as of this report. Assuming stable occupancy at 96% for rentals and 98% for homeownership, this demand will support a housing supply of approximately 15,500 units, including 1,400 for sale and 14,100 rentals. As of the writing of this report, housing supply stood at approximately 8,700 units, requiring an additional 6,800 units to be added by 2030.

Twenty (20) specific development projects with approximately 3,000 units are currently under construction or in various stages of planning and predevelopment. Under the growth scenario outlined in the previous section, these 20 projects—if they are all completed—will accommodate this increase in demand through 2023. After that point, other developments will be necessary to handle the additional 3,800 units required through 2030.

It should be noted that the forecast model is based on a straight-line analysis and does not factor in real estate fluctuations that may be triggered by national trends such as interest rate hikes. We also note the demand for increasing numbers of homeownership units, which may require earlier (before 2023) introduction of different kinds of developments beyond the current 20 in construction and planning.

Finally, a key factor underlying this forecasted growth is the increasing capture of Downtown workers as Downtown residents—growing from 2.05% of Downtown workers currently to 3.37% in 2030. This represents a 64% increase in capture over a 12-year period (2018 to 2030). While additional and higher quality housing product will facilitate much of this capture—including expanded homeownership product—an effective marketing campaign will also be essential.

As for the need for maintaining income diversity, each section of Center City will need to employ different strategies based on a set of policy goals agreed upon by public and private stakeholders. Currently, Downtown and Westside neighborhoods benefit from 3,100 income restricted units which represent 23% of the entire rental housing stock for both Downtown and Westside. As new market-rate units are continually introduced in these neighborhoods, the relatively percentage of income-restricted units will decline, while at the same time development pressures are placing formerly income-restricted units coming off initial compliance periods at risk of flipping to market-rate. In the Eastside neighborhood, where a very high percentage (71.6%) of rental housing is income-restricted, striking a balance between attracting market-rate investment in formerly underutilized parcels while continuing to preserve the current affordable stock appears to be a prudent approach in the next five to ten years. (Note that for this topic, the income-restricted properties in the Inner Belt to 30th Street area are allocated to Eastside.)

Phase Two of this study will involve the investigation of specific toolkits to preserve affordability and to protect low-income residents from getting displaced in value-increasing sections of Center City. Relevant housing policy goals to be discussed in the next phase will include: ideal ratio of income-restricted homes to market-rate homes; anti-displacement programs; target market segments (such as age and tenure); affordable housing funding mechanisms; and other important considerations.

10. Long-Term Growth Forecast for Downtown Cleveland (2031-2040)

Table 49 is a forecast model that extends the growth assumptions detailed on page 37 to 2040. Under those scenarios, Downtown Cleveland will have 139,835 jobs, 35,830 residents, and 21,328 housing units by 2040.

Table 49: Long-Term Forecast Model for Downtown Cleveland Growth, 2031-2040

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Regional Employment (in millions)	1.396	1.401	1.406	1.411	1.416	1.421	1.426	1.431	1.437	1.442
% of Region jobs located Downtown	8.8%	8.9%	9.0%	9.1%	9.2%	9.3%	9.4%	9.5%	9.6%	9.7%
Downtown Employment	122,822	124,671	126,531	128,401	130,281	132,172	134,072	135,983	137,904	139,835
% of Downtown jobs held by Downtown residents	3.48%	3.59%	3.70%	3.81%	3.92%	4.03%	4.14%	4.25%	4.36%	4.47%
Downtown Residents Working	4,274	4,476	4,682	4,892	5,107	5,327	5,551	5,779	6,013	6,251
Downtown										
Ratio of employed Downtown residents to workers living & working Downtown	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17	3.17
Total Employed Downtown	13,536	14,175	14,827	15,493	16,174	16,869	17,579	18,303	19,042	19,796
Residents										
Ratio of Downtown population to employed residents	1.90	1.89	1.87	1.86	1.84	1.83	1.81	1.81	1.81	1.81
Total Downtown Population in	25,760	26,762	27,771	28,786	29,809	30,837	31,870	33,128	34,466	35,830
Households + Dorms										
Average household size	1.67	1.67	1.67	1.68	1.68	1.68	1.68	1.68	1.68	1.68
Total Occupied Downtown Units	15,462	16,025	16,589	17,155	17,722	18,355	18,970	19,719	20,515	21,328
% owner-occupied units	9.7%	10.1%	10.5%	10.9%	11.3%	11.7%	12.1%	12.5%	12.9%	13.3%
Renter-occupied units (demand)	13,962	14,406	14,847	15,285	15,720	16,208	16,675	17,254	17,869	18,491
Owner-occupied units (demand)	1,500	1,619	1,742	1,870	2,003	2,148	2,295	2,465	2,646	2,837
Incremental Supply Required -	582	584	585	587	588	656	638	777	825	842
Total										
Rental @ 96% Occupancy	466	463	459	456	452	508	487	604	640	648
Ownership @ 98% Occupancy	116	121	126	131	135	148	151	173	185	194

Source: U.S. Census Bureau, Downtown Cleveland Alliance, Urban Partners

Again, long-term growth forecast shown on Table 49 is for the Study Area portion of the Downtown. The following shows the population growth forecast for the Downtown Study Area and the portion between the Innerbelt Highway and E. 30th Street. Based on this calculation, the traditionally defined Downtown area will exceed 30,000 residents in 2032 (Table 50).

Table 50: Forecast Model for Traditionally Defined Downtown, 2031-2040

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Total "Core" Downtown	25,760	26,762	27,771	28,786	29,809	30,837	31,870	33,128	34,466	35,830
Population in Households + Dorms										
Inner Belt-3oth Street Residents	3,914	3,914	3,914	3,914	3,914	3,914	3,914	3,914	3,914	3,914
Total Downtown Population in Households + Dorms	29,674	30,676	31,685	32,700	33,723	34,751	35,784	37,042	38,380	39,744

Source: U.S. Census Bureau, Downtown Cleveland Alliance, Urban Partners

Appendix 1

In Table A1 below, Downtown Cleveland is compared to two peer downtowns in Cincinnati, OH and Pittsburgh, PA.

Table A1-1: Comparison to Downtown Cincinnati and Downtown Pittsburgh, 2015

	Downtown Cleveland	Downtown Cincinnati	Downtown Pittsburgh
Total Downtown Population in Households + Dorms	12,025	11,844	15,325
Average household size	1.61	1.66	1.60
Total Housing Units	6,513	7,150	6,942
Homeownership Rate	5.1%	20.0%	22.6%
Downtown Size (in Sq. Mi.)	4.553	1.917	2.687
Density (per Sq. Mi)	2,641	6,178	5,703
Downtown Employment	97,353	69,744	109,022
Downtown jobs held by Downtown residents	1,782	1,789	2,055
% of Downtown jobs held by Downtown residents	1.83%	2.57%	1.88%
Regional Employment (in millions)	1.335	1.016	1.123
% of Region jobs located Downtown	7.3%	6.9%	9.7%
Downtown Residents Working Downtown	1,782	1,789	2,055
Ratio of employed Downtown residents to workers living & working Downtown	3.13	3.71	3.18
Total Employed Downtown Residents	5,580	6,634	6,535
Ratio of Downtown population to employed Downtown residents	2.16	1.79	2.35

Source: U.S. Census Bureau, Downtown Cleveland Alliance, Urban Partners

Appendix 2

The following tables show the recent and near future growth patterns for Downtown Cleveland from 2014 to 2017. It should be noted that starting in 2017, the demand for owner-occupied homes exceeded the supply in Downtown, and, presumably, the demand was being absorbed elsewhere (e.g., the Westside neighborhoods where condominium units were being introduced to the market).

Table A2-1: Growth Pattern for Downtown Cleveland, 2014-2020

	2014	2015	2016	2017	2018	2019	2020
Regional Employment (in millions)	1.330	1.334	1.337	1.341	1.344	1.348	1.352
% of Region jobs	7.1%	7.3%	7.4%	7.5%	7.6%	7.6%	7.7%
located Downtown							
Downtown Employment	94,430	97,353	98,953	100,560	101,502	102,448	104,073
% of Downtown jobs held by	1.32%	1.83%	1.83%	1.94%	2.05%	2.16%	2.27%
Downtown residents							
Downtown Residents Working	1,246	1,782	1,811	1,951	2,081	2,213	2,362
Downtown							
Ratio of employed Downtown	3.78	3.13	3.13	3.15	3.15	3.16	3.16
residents to workers living & working							
Downtown							
Total Employed Downtown Residents	4,712	5,580	5,672	6,149	6,559	6,982	7,461
Ratio of Downtown population to	2.35	2.16	2.14	2.14	2.12	2.10	2.08
employed Downtown residents							
Total Downtown Population in	11,049	12,025	12,154	13,178	13,924	14,682	15,541
Households + Dorms							
Average household size	1.61	1.61	1.61	1.61	1.61	1.62	1.62
Total Occupied Downtown Units	6,513	7,123	7,203	7,839	8,627	9,074	9,581
Percentage owner-occupied units	5.1%	5.1%	5.2%	5.3%	5.4%	5.6%	5.9%
Occupied rental units – demand	6,181	6,759	6,829	7,423	8,161	8,566	9,016
Owner-occupied units – demand	332	363	375	415	466	508	565
Rental Supply	6,643	7,239	7,284	8,272	8,451	9,104	-
Ownership Supply	388	388	398	398	398	430	-
Occupancy Rate - Rental	93.0%	93.4%	93.7%	89.7%	96.6%	94.1%	-
Occupancy Rate - Ownership	85.6%	93.6%	94.1%	104.4%	117.1%	118.2%	-

Source: U.S. Census Bureau, Downtown Cleveland Alliance, Urban Partners

Table A2-2: Growth Pattern for "Expanded" Downtown Cleveland, 2014-2020

	2014	2015	2016	2017	2018	2019	2020
Total "Core" Downtown Population in Households +	11,049	12,025	12,154	13,178	13,924	14,682	15,541
Dorms							
Inner Belt-3oth Street Residents	3,200	3,200	3,200	3,514	3,604	3,604	3,604
Total Downtown Population in Households + Dorms	14,249	15,225	15,354	16,692	17,528	18,286	19,145

Source: U.S. Census Bureau, Downtown Cleveland Alliance, Urban Partners

Appendix 3

Based on feedback from DCA, the following three downtowns (Denver, Milwaukee, and Minneapolis) were selected for a targeted comparison analysis shown in this section.

70,000 60,000 50,000 Population 40,000 30,000 20,000 10,000 2010 2011 2012 2013 2014 2015 2016 Cleveland 8,894 9,850 10,586 11,771 12,643 13,782 13,851 **D**enver 47,366 50,304 52,960 54,809 57,391 59,568 61,522 Milwaukee 33,951 34,393 34,529 34,868 35,972 36,742 37,297 22,502 24,079 Minneapolis 21,631 23,089 24,758 25,712 26,445

Table A3-1: Downtown Population, 2010-2016

Source: U.S. Census Bureau, Urban Partners

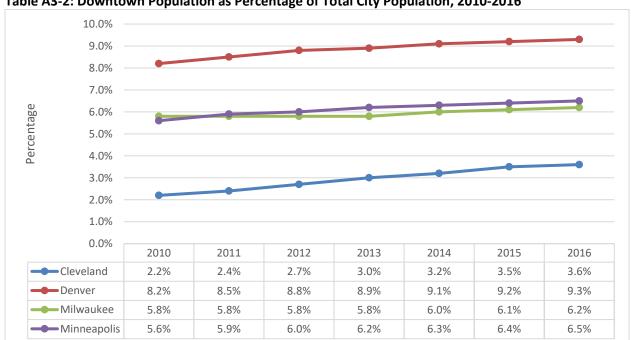


Table A3-2: Downtown Population as Percentage of Total City Population, 2010-2016

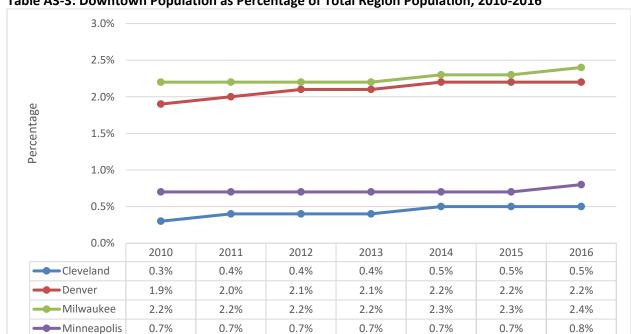
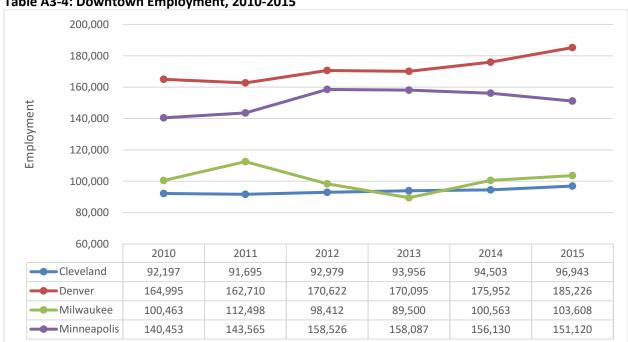


Table A3-3: Downtown Population as Percentage of Total Region Population, 2010-2016

Source: U.S. Census Bureau, Urban Partners



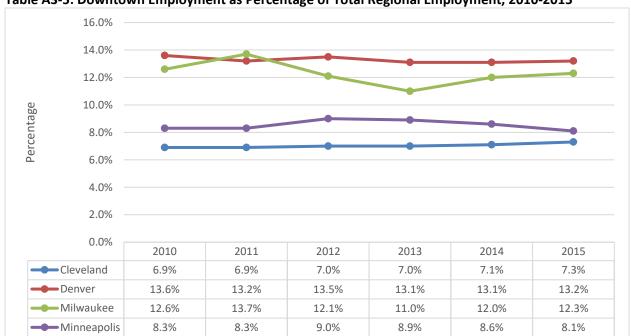
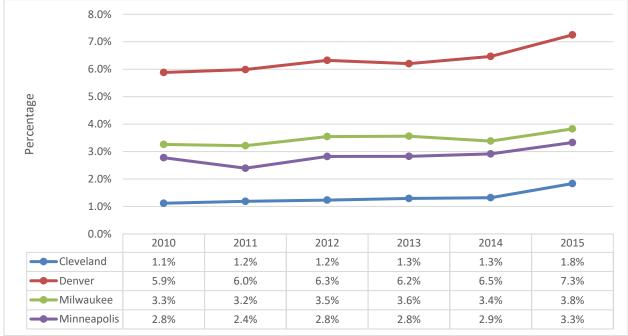


Table A3-5: Downtown Employment as Percentage of Total Regional Employment, 2010-2015

Source: U.S. Census Bureau, Urban Partners

Table A3-6: Employed Downtown Residents Working in Downtown as a Percentage of All Downtown Jobs, 2010-2015



40,000 35,000 30,000 25,000 Total Units 20,000 15,000 10,000 5,000 2010 2011 2012 2013 2014 2015 2016 Cleveland 4,805 5,302 5,539 5,786 6,186 6,429 6,513 Denver 31,089 32,295 33,500 33,840 34,736 35,890 36,694 ---- Milwaukee 14,990 15,170 15,395 15,562 15,777 15,823 16,213

13,339

13,592

13,848

14,175

14,516

Table A3-7: Downtown Housing Units, 2010-2016

Source: U.S. Census Bureau, Urban Partners

13,077

Minneapolis

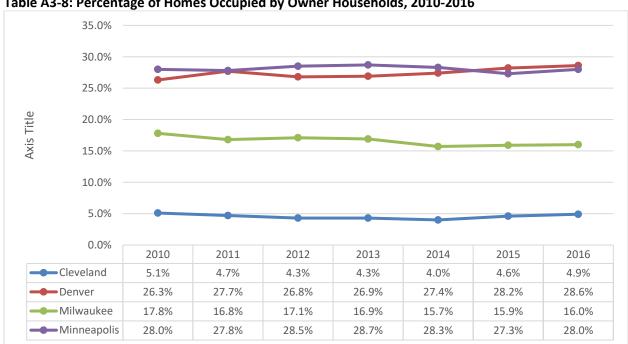


Table A3-8: Percentage of Homes Occupied by Owner Households, 2010-2016

13,487

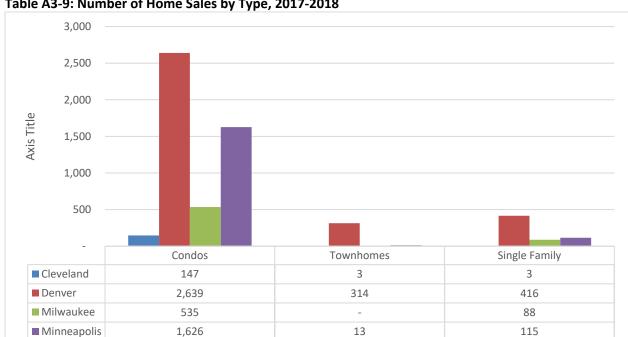


Table A3-9: Number of Home Sales by Type, 2017-2018

Source: Realquest, Urban Partners

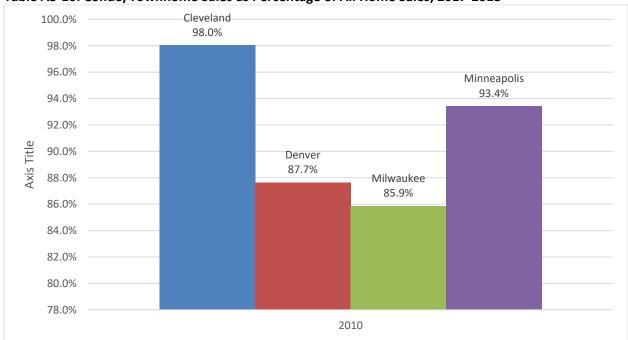


Table A3-10: Condo/Townhome Sales as Percentage of All Home Sales, 2017-2018

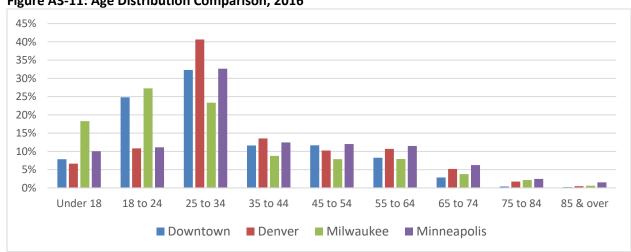
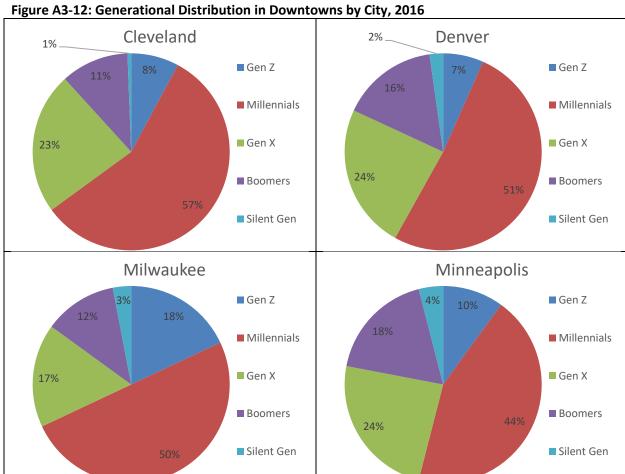


Figure A3-11: Age Distribution Comparison, 2016

Source: U.S. Census Bureau, Urban Partners



PROPOSED HOUSING GOALS FOR CLEVELAND'S CENTER CITY NEIGHBORHOODS

Last updated: September 21, 2018

The Downtown Cleveland Alliance (DCA)—in collaboration with Cleveland Development Advisors, Cleveland Neighborhood Progress, Enterprise Community Partners, Greater Cleveland Partnership, Historic Gateway Neighborhood Corporation, Historic Warehouse District Development Corporation, the City of Cleveland, and Cuyahoga County—commissioned a Housing Demand Analysis for Downtown Cleveland and the surrounding neighborhoods. The study area is comprised of six neighborhoods within Downtown (Campus District, the Flats, Gateway District, Nine-Twelve District, Playhouse Square, and Warehouse District) and portions of six neighborhoods near Downtown (Central, Detroit Shoreway, Midtown, Ohio City, St. Clair Superior, and Tremont). Together, these twelve neighborhoods are collectively referred to as Center City in this report.

The stated goal for this study is to provide DCA and its partners a meaningful sense of the housing market to formulate housing priorities and housing diversification strategies. To assist in the research and preparation of this study, DCA has retained Urban Partners as a consultant.

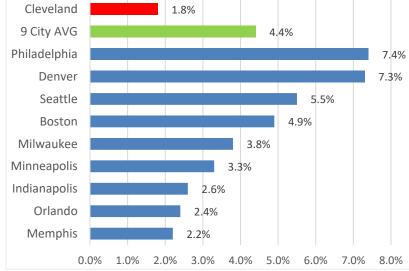
The Data Research and Market Analysis Report prepared as "Phase 1" of this study detailed the state of the housing market for Center City and a mid-term housing demand for Downtown Cleveland. By 2030, an additional 6,800 units will be required in Downtown and thousands more in the Westside neighborhoods (portions of Ohio City, Tremont, and Detroit-Shoreway) and Eastside neighborhoods (portions of St. Clair-Superior/AsiaTown, Central, and MidTown) to meet the anticipated demand.

In this second phase of the study, we now turn to a discussion on housing policy and potential toolkits to promote a healthy and balanced housing market that expands and preserves housing opportunities for all residents of Center City.

GOAL 1: CONTINUE MARKET-RATE RENTAL MOMENTUM IN CENTER CITY

The Data Research and Market Analysis Report projected a strong demand for market-rate rental homes for the foreseeable future in Downtown. Yet, compared to the ten mature downtowns profiled in the report, Downtown Cleveland may be just scratching the surface of potential growth as a residential community. In 2015, Downtown Cleveland was home to 97,353 jobs but only 1,782 (1.8%) of those positions were held by residents of Downtown. The average percentage of downtown jobs held by residents (i.e., the In-Area Efficiency rate) in the nine comparison downtowns is 4.4% (see below). Capturing a growing share of these workers to live in Downtown represents a low hanging fruit in the overall Downtown residential strategy.

In-Area Employment Efficiency for Downtowns - 2015



<u>Proposed Strategy to Consider #1</u>: Preserve and continue to promote existing development tools and incentives to home builders and developers.

- These existing development tools and incentives include state and federal Historic Preservation Tax Credits, New Markets Tax Credits, Conservation Easements, 15-Year Real Estate Tax Abatement, etc.
- Identify new public and private strategies to support ground-up construction, such as non-conventional lending products and the proposed transformational mixed-use development tax credit (Ohio House Bill 469).
- Bring in additional capital resources, such as investment funds of building trade groups, EB-5 financing, etc.
- Continue to monitor the newly established Opportunity Zones program and evaluate applicability for multi-family projects.

<u>Proposed Strategy to Consider #2</u>: Pursue placemaking and community enhancement initiatives to continue attracting a diverse set of Center City residents.

There has been extensive documentation of the evolution in lifestyle choices for Millennials, which is generally characterized by:

- Smaller households;
- A higher desire for rental housing rather than ownership;
- Flexibility in employment arrangements including freelance employment and participation in co-working spaces;
- Retail, recreation, and community facility environments that provide easy access to social networks; and
- Lifestyle support through a variety of service-oriented businesses (spas; animal services; etc.).

Likewise, a growing percentage of Baby Boomers are selling their suburban homes for smaller homes in Downtowns across the country. Similar to Millennials, these retirees are attracted to shopping, dining, entertainment, and transit infrastructure that Downtown areas can

provide. Downtown Cleveland also benefits from strong arts and entertainment scene anchored by Playhouse Square, the largest performing arts district outside of New York City.



The Lumen, pictured above, is a 319-unit, \$135 million residential high-rise tower that Playhouse Square and its development manager, Hines, started building in 2018.

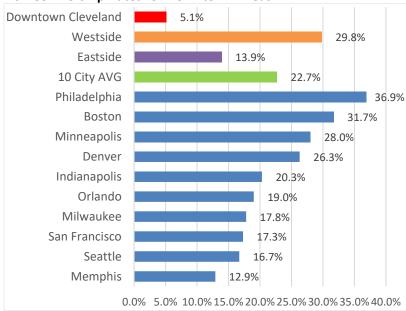
To continue attracting Millennials and Baby Boomers in Center City, the growing supply of amenity-rich, low-maintenance housing is crucial. Just as important, however, are placemaking and community enhancement initiatives that improve the quality of life for residents.

 Support projects that improve pedestrian walkability/experience, convenient mobility options, and infrastructure, greenspace, and retail/service amenities in Center City.

GOAL 2: DIVERSIFY THE HOUSING MIX IN CENTER CITY TOWARD HOMEOWNERSHIP

Downtown Cleveland's homeownership rate of 5.1% is extremely low compared to the average rate of 22.7% for the ten downtowns. With a homeownership rate of 12.9%, Memphis is the lowest among the ten comparison downtowns, but still more than twice that of Downtown Cleveland (see below).

Homeownership Rates for Downtown Areas



Source: U.S. Census Bureau, Urban Partners

Based on recent transaction activities of for-sale homes, and further corroborated by interviews with local realtors, there's an unmet demand for homeownership opportunities in Center City and particularly in Downtown. The condominium segment currently represents a small fraction of the overall market, and townhomes—which are prevalent in other downtowns (see examples to the right)—are almost entirely missing in Downtown Cleveland.

Examples of Owner-Occupied Townhomes in Downtown Areas



Renaissance on the River Townhomes

Downtown Minneapolis

Townhomes in Elliot Park Downtown Minneapolis



Townhomes near Five Points
Downtown Denver

Townhome near City Park
Downtown Denver



Infill Townhome Center City Philadelphia



Infill Townhome
Center City Philadelphia

<u>Proposed Strategy to Consider #1</u>: Initiate a homeownership incentive program in Center City.

Work with the city and Center City employers to offer an incentive program for purchasing a home in Downtown and adjacent neighborhoods. The Greater University Circle Living program, which provides up to \$30,000 in forgivable loans, serves a great local example of a residential incentive program.

Two other examples of homeownership incentive programs are the University of Pennsylvania Homeownership Services Program in Philadelphia, PA; and the Live Downtown program in Detroit, MI: <u>Proposed Strategy to Consider #2</u>: Work with developers, lenders, and other real estate professional to promote townhome and condominium developments in Center City.

 Identify and expand development period resources for home builders.

Implementation tools to consider:

 a) Provide a variety of credit enhancement and patient capital programs such as <u>predevelopment loans</u>, <u>loan guarantees</u>, <u>bridge financing</u>, <u>etc.</u> to stimulate owner-occupied housing production.

Examples of homeownership incentive programs



University of Pennsylvania Homeownership Services Program

Established in 1998, the Penn Homeownership Services Program helped 1,400 university employees buy or rehabilitate homes in the neighborhood near its W. Philadelphia campus. This program offers a \$7,500

forgivable loan as an incentive for faculty and staff interested in living and/or currently residing in the West Philadelphia community. These loans can be used for closing costs, down payment, to buy down points, and/or for interior or exterior home improvements. In addition, the loan can be used to convert a property from a multifamily to a single-family residence. Existing home owners may apply for the \$7,500 loan for improvements to houses that meet the program's criteria. In the early years of this program, the cash incentive was \$15,000. Program funding came from the University as part of a nationally recognized n overall neighborhood strategy.



Live Downtown, Detroit

From 2011 to 2016, this program offered cash incentives for Downtown residents. New homeowners received \$20,000 forgivable loans; new renters a \$2,500 rental allowance (and \$1,000 for the second year). In addition, existing renters received

\$1,000 for renewing a lease, and existing homeowners received matching funds of up to \$5,000 for exterior improvements on projects of \$10,000 or more. Approximately \$5 million in program funding came from five participating companies: Blue Cross Blue Shield of Michigan, Compuware Corp., DTE Energy, Quicken Loans Inc. and Strategic Staffing Solutions.

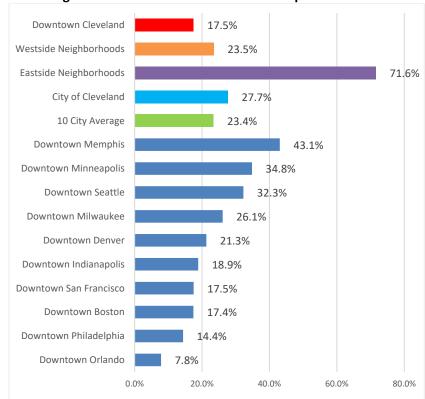
In the five years, the program assisted more than 2,000 Downtown residents who work for the five companies.

GOAL 3: MAINTAIN AND EXPAND HOUSING DIVERSITY IN DOWNTOWN AND ADJACENT NEIGHBORHOODS

As of 2018, we estimate that 20% of all rental housing units in Downtown and Westside are income restricted (17.5% for Downtown and 23.5% for Westside), while the Eastside's ratio is 71.6%. See below for comparison to other downtowns and to the City of Cleveland as a whole).

 Articulate a percentage objective for the ratio of incomerestricted homes to market-rate homes.

Percentage of Affordable Rental Homes in Comparison Downtowns



Source: HUD, PolicyMap, Urban Partners

<u>Proposed Strategy to Consider #1</u>: Income restricted development

- Preserve current income restricted communities from flipping to market-rate. Establish a system of monitoring expiring tax credits and engaging current ownership structure in discussing ways to extent affordability.
- Identify specific sites, especially publicly owned parcels, to develop new mixed-income and income-restricted communities.

Tax Credit communities near Year 15 of compliance periods



Allerton Apartments 1802 E. 13th Street 199 Units LIHTC Year 15: 2023



Winton Manor 1012 E. Prospect Avenue 270 Units LIHTC Year 15: 2021

Implementation tools to consider:

 a) Capture a proportionate share of the 9% Low Income Housing Tax Credits for Downtown and Westside developments (a new OHFA program called the FHAct50 Building Opportunity Fund will allow Cincinnati, Cleveland

- and Columbus pick developers over a three-year period who receive extra credits above and beyond OHFA's usual awards).
- b) identify and implement strategies to dedicate revenue to support the development of affordable housing: three potential ways to set up a funding mechanism:
 - An increase in the real estate transfer tax, such as 1% to 1.5% of sale price.
 - A real estate development impact fee, including commercial developments.
 - A "Rental Operations Fee" which is a modest fee that's tied to gross rental receipts over designated rent levels.
 Index the amount of the fee to Consumer Price Index so that it'll keep pace with inflation (see below for an example of a tiered fee structure).

Example of Tiered Rental Operations Fee for 2-Bedroom Units

Rent Levels	Fee %	Fee \$
Units below \$1,500/month:	0.00%	\$0.00
Units between \$1,501 to \$2,000/month:	0.50%	\$7.50 to \$10.00
Units above \$2,000/month:	0.75%	\$15.00+
Total monthly fee for 50-unit complex that rent for an average of \$1,750/month per unit:		\$437.50

Comparison Cities with Locally Funded Housing Trust Funds

City	Funding Mechanism
■ Boston	Developer impact fees
■ Denver	Development impact fees; property tax revenues
Indianapolis	Filing fees for property sales disclosure forms; document recording fees
Milwaukee	Bond revenues; property tax revenues

Minneapolis	Housing revenue bond proceeds; miscellaneous funds
Philadelphia	Document recording fees (currently considering a 1% Construction Impact Tax that is estimated to generate \$20 million for the Housing Trust Fund).
Pittsburgh	Realty transfer tax
■ San Francisco	Tax increment boomerang funds; business license fees; transient occupancy tax; bond proceeds
■ Seattle	Property tax levy; commercial linkage fee

Proposed Strategy to Consider #2: Mixed-income development

Promote the development of mixed-income communities.

Implementation tools to consider:

- a) <u>Tax exempt bonds</u>: set aside requirements are 20% of total units for households earning less than 50% of the Area Median Income, or 40% of total units at 60% of AMI.
- b) <u>Increase utilization of 4% tax credits</u>: in Ohio, this tax credit is non-competitive as long as the development meets Internal Revenue Code (IRC) requirements.
- c) Federal Home Loan Bank Affordable Housing Program (AHP) grant: AHP is the largest private source of grant funds for affordable housing in the United States. Community-based housing development groups work through an FHLBank member financial institution to apply for the grant.
- d) Expedite permitting for mixed-income and affordable housing projects: consider establishing an electronic submission and review of building permit and zoning applications with real-time tracking of review status. New York City's Building & Land Development Services recently set up the "eSubmit" system that eliminated all large print submissions of architectural drawings. Email alerts are sent to project stakeholders at each review milestone.

e) Inclusionary zoning policies are usually associated with cities and mature downtowns with very tight housing markets with high levels of price pressures. As the Center City housing market continues to strengthen, periodically evaluate the need and desire for inclusionary zoning policies in designated locations within the city. See examples below.

Inclusionary Zoning Policies in Comparison Cities

City	Funding Mechanism
■ Boston	Developers of buildings with 10+ units seeking zoning relief or building on city owned land are required to set aside 13% of their units as affordable to moderate- to middle-income households. Units can be rental or homeownership. Developers also have to option of creating affordable units equal to 15% of the units in the sponsoring project or pay into the housing trust fund.
■ Denver	The Inclusionary Housing Ordinance requires 10% affordability in new, for-sale developments of 30 or more units.
■ Seattle	Mandatory Housing Affordability (MHA) requires 5% to 7% of the units in 7 neighborhoods, but currently proposing to expand citywide. In exchange for providing affordable units, higher building density is offered to developers.
■ San Francisco	Inclusionary Housing Program requires new residential projects of 10 or more units to pay an Affordable Housing Fee, or provide a percentage of the units as below market rate units at a price that is affordable to low or middle income households, either "on-site" within the project, or "off-site" at another location in the City.

<u>Proposed Strategy to Consider #3</u>: Create workforce and marketrate housing opportunities in the Eastside neighborhoods (St. Clair-Superior/AsiaTown, Central, and MidTown)

- While preserving the current stock of income restricted housing in the Eastside neighborhoods, stimulate the development of workforce (80 to 120% of Area Median Income) and market-rate (above 120% of AMI) homes.
- Increase the rate of homeownership, which is currently 13.9% in the Eastside neighborhoods.

Implementation tools to consider:

a) Secure <u>brownfield planning grants</u> to study redevelopment feasibility on underutilized industrial land. The U.S.

Department of Environmental Protection Agency awards local communities planning grants to stimulate the reuse of industrial parcels (see <u>program writeup for the Area Wide Planning Grant program</u>). Completing the planning effort qualifies the sponsoring project for clean up and other implementation funds from EPA.

Pellet Terminal Site in Lorain, OH



In 2017, the City of Lorain received a \$200,000 planning grant from the EPA for the Pellet Terminal site (above)

 Initiate a <u>home rehabilitation subsidy program</u> targeted for smaller developers engaged in substantial home renovation/resales. A successful program called Homeownership Rehabilitation Program (HRP) was utilized in the City of Philadelphia in the 1990s to 2000s to stabilize so-called Middle Neighborhoods and build momentum for market-rate development.

Summary of Philadelphia's HRP

- Provided financing for the acquisition and rehabilitation of vacant houses requiring moderate rehabilitation for sale to low- and moderate-income, first-time homebuyers.
- Funded through CDBG and Housing Trust Fund.
- Home buyers finance 100% of after-rehab value of home.
 Must receive pre-purchase counseling.
- Subsidy amounts are: \$35,000 per unit, \$10,000 additional for deconversion of two-unit home to oneunit, \$15,000 developer fee, \$1,000 for counseling fee.
- If private grants are leveraged, additional subsidy up to \$15,000 is matched.
- Subsidized funds are recorded as 10-year soft-second (forgivable) mortgages.
- Example of HRP project pro-forma:

Development Costs		Sources of Funds
Acquisition:	\$40,000	Perm Mortgage: \$80,000
Construction:	\$95,000	HRP Subsidy: \$35,000
Developer Fee:	\$15,000	Developer Fee: \$15,000
Counseling Fee:	\$1,000	Counseling Fee: \$1,000
Other costs:	\$10,000	Private Grant: \$15,000
	\$161,000	HRP Grant Match: \$15,000
		\$161,000

- Total subsidy from City: \$66,000 (recorded as 10-year soft second mortgage).
- Buyer's monthly payment based on 30-year mortgage of \$80,000.

 Work with developers to <u>secure HUD 221(d)(4) loans</u> for substantial renovation of mixed-income rental apartments.
 Local projects utilizing this resource include: Fenway Manor Renovations in University Circle and West 25th Street Lofts in Ohio City (see below).





 Increase the role of <u>community development corporations</u> in the acquisition and maintenance of potential properties.



- In East Liberty, a section of Pittsburgh that has made a remarkable transformation in the past 20 years, the local community development corporation, East Liberty Development Inc. (ELDI), was to implement a multi-phase, comprehensive approach to the development of for-sale homes to begin to replace some of the thousands of homes lost to decades of disinvestment. The underlying strategy was to build a private residential housing market, alleviate blight and vacancy, increase homeownership, and bring targeted area development activities to scale.
- A key component of this strategy was ELDI leveraging public funds and charitable grants to acquire and package properties for redevelopment. In most cases, ELDI transferred the property to small-scale, local developers to rehabilitate and sell to homebuyers.

Consider a "residential incentive zone" that provide 10-year income tax credit (state and/or city) for moving inside the zone. Establish a household income cap (e.g., \$70,000 a year) and a maximum loss cap of tax revenues associated with this incentive. See below for an example of a tax incentive zone in Pennsylvania.



- In Pennsylvania, the Commonwealth has designated Keystone Opportunity Zones (KOZs) scattered throughout the state in strategic locations to spur on investment in underserved areas.
- Businesses, property owners and residents that are located in a KOZ are eligible to receive significant state and local tax benefits (including sales tax, corporate net income tax, personal income tax).
- Since the program began in 1999, KOZs have created and retained more than 43,000 jobs in their local communities.