



City of Cleveland DRAFT application to the U.S. Department of Housing and Urban Development's Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Main Program

June 21, 2024

Executive Summary

The City of Cleveland is requesting \$10 million for the Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Main program through the United States Department of Housing and Urban Development for the preservation and revitalization of manufactured housing and manufactured housing communities. If funded, the City of Cleveland will (1) update its 2030 Housing Plan to incorporate manufactured and modular housing into its zoning and planning efforts for affordable housing opportunities and tenant protections; (2) simultaneously develop a pipeline of manufactured and modular housing jobs within the City of Cleveland; and (3) provide loan guarantees for multi-family manufactured and modular housing on City land bank lots within high-frequency transit zones.

I. Introduction and Need

Since the middle of the 20th century, the housing stock of the City of Cleveland (the City) has been in decline. 70% of existing housing units in the city were built before 1970. Over half were built before 1940.¹ Between 2015 and 2018, approximately 3,750 homes were demolished in the city's east side neighborhoods.² At an average cost of \$10,000 per demolition, approximately \$37,500,000 was spent tearing down existing homes.

This decline is also reflected in the 2020 census. From 2010 to 2020 the census recorded a loss of over 8,000 housing units. In that same decade the city's

¹ Cleveland 2030: A Housing Equity Plan, available at <https://www.clevelandhousingplan.com>.

² *Id.*

population declined by 24,191 people – a loss of 6%.³ These losses were not evenly distributed across the city. While many west side neighborhoods remained stable (except for Clark Fulton), most east side neighborhoods lost between 5 and 25% of their 2010 population. The Slavic Village, Union-Miles, and Mount Pleasant neighborhoods each lost over 3,000 people. Glenville shed more than 6,000. This is a cycle of decline and disinvestment that has dogged these neighborhoods for decades.

For the households that remain, housing stability is out of reach for many. Approximately 60% of households in Cleveland rent their homes.⁴ Rent burdened households, as defined by the Housing and Urban Development Department (HUD), are households paying 30% or more of their income towards housing. In nearly 25% of census tracts in Cleveland, 30% or more of the households present are considered rent burdened.⁵ Households across the region are also cost burdened, further highlighting the need for stable, affordable housing whether it is in Cleveland proper or the greater Cleveland area.⁶

There are only three manufactured housing communities in Cleveland. One, the Euclid Beach Mobile Home Community, will close this year and the remaining residents will be relocated to other homes in the region. It is a vulnerable housing typology which is difficult to replicate due to restrictive zoning regulations, the cost of purchasing and shipping manufactured units to our market, and the severity of poverty in Cleveland (household median income of \$37,000) placing the whole package – the price of land and the unit itself – out of reach for many households.

The City is actively pursuing strategies to address the challenges that residents face living in and acquiring housing in our market. Broadly speaking, the City is aligning

³ Census 2020, Cleveland City Planning Commission, *available at* <https://planning.clevelandohio.gov/census2020/index.html>.

⁴ *Id.*

⁵ *Id.*

⁶ From downtown to the suburbs, housing insecurity is a danger to thousands in Northeast Ohio, Michelle Jarboe, Crain's Cleveland Business, June 12, 2023, *available at* <https://www.crainscleveland.com/craains-forum-housing-insecurity/housing-insecurity-northeast-ohio-puts-thousands-risk>.

three key aspects to housing production in our area: land, capital, and product. These areas present opportunities for Cleveland to create a strategy that enables equitable, affordable access to housing in all neighborhoods, and would like to plan this strategy to include manufactured/modular housing as a key tool in this housing production toolbox.

A. Land and Project Areas

The city's land bank held 16,000 parcels as of September 2020,⁷ and this number is increasing each year with current estimates in 2024 of closer to 18,000 parcels. Most of these parcels were acquired through county tax foreclosures either as vacant land or after demolition by the city or affiliated party, such as the county land reutilization corporation. Most parcels were formerly residential uses consisting of single, two-family, and three-family structures.

While the inventory of parcels is large and poses a challenge to the city and residents remaining in these neighborhoods, the City has a strategy to filter parcels most suited for development and re-occupancy by residents to develop a pipeline for redevelopment. The city prioritizes redevelopment and reinvestment broadly with three criteria: proximity to high-quality needs and amenities, proximity to transit, and proximity to jobs/employment opportunities. For the PRICE Main grant opportunity, we would like to demonstrate this strategy in four neighborhoods: Slavic Village, St. Clair-Superior, Buckeye Woodhill, and North Collinwood.

1. Slavic Village

Slavic Village was one of the hardest-hit neighborhoods during the sub-prime mortgage crisis from 2007-2009. Currently there are approximately 3,178 housing cost burdened households in this neighborhood, 79% of which are renter households. The median household income of Slavic Village is \$33,473. There is approximately 217 acres of vacant (formerly developed) land in Slavic Village.

2. St. Clair-Superior

St. Clair Superior is a neighborhood near Lake Erie and is primed for investment. The Cleveland Metroparks are developing a coastal resiliency and improvement plan called CHEERS, which will add acres of publicly accessible lakefront to the north of this community. The City is already planning now for housing affordability and preservation. St. Clair Superior has approximately 1,421 housing cost burdened

⁷ Cleveland 2030: A Housing Equity Plan, available at <https://www.clevelandhousingplan.com>.

households, 91% of which are renter households. The median household income is \$37,569. There is approximately 90 acres of vacant land in St. Clair Superior.

3. Buckeye-Woodhill

Buckeye-Woodhill is the third project area. It is close to Cleveland's second largest job center in the city, University Circle, but still struggles with low incomes and high vacancy. Buckeye-Woodhill has 1,637 housing cost burdened households, 96% of which are renter households. The median household income is \$26,454. There is approximately 97 acres of vacant land in Buckeye-Woodhill.

4. North Collinwood

North Collinwood is the fourth project area. It is located on the East side of the city and along the shore of Lake Erie. Of the approximately 5,256 renter households in the neighborhood, 2,978 are housing cost burdened (56.6%). The median household income is \$31,828. There are approximately 28 acres of vacant land in North Collinwood.

II. Proposal, Vision, and Goals

Cleveland and its partners are proposing to use PRICE grant funds for three main goals: create a loan guarantee fund in partnership with an organization such as the Port of Cleveland (the Port); conduct supplemental planning to the City's 2030 Housing Plan to update the zoning code in the proposed geographies and develop an adoptable package of local tenant protection ordinances geared specifically to benefit residents of manufactured housing communities, but also to renters overall; and develop modular housing manufacturing jobs within the City of Cleveland.

These activities aren't exceptional on their own, but what makes them exceptional here in Cleveland is the framework in which they will be operationalized – through a social housing model currently under development by the City, led by the City Planning Commission (CPC). This model, supported by the City's membership in the U.S. Department of Transportation's Thriving Communities program, is an innovative way to prioritize and structure city-owned land in high access areas to transit (Transit-Oriented Development, or TOD) and amenities (the City's 15-minute city index) around permanent public ownership to ensure projects embody the City's goal of Housing for All. It is through this model that the City can facilitate permanent affordability in its neighborhoods, build mixed-income communities, and explore

pathways to homeownership through cooperative ownership models and lease-purchase programs. The principles of the social housing model are:

A. Public ownership

The land will be owned in perpetuity by the City or an affiliated entity to ensure goals such as affordability to LMI households, equitable access, maintenance, quality, and diversity in both residents and housing types are met.

B. Resiliency and longevity

The City will seed the development of a broad spectrum of housing types and affordability, from both low-income to market-rate, to ensure financial resiliency and health across the entire portfolio.

C. Opportunity and access

Housing will be prioritized in areas of high need and access to a core set of amenities and needs – the 15-minute city index – and on high frequency transit routes (as TOD) to ensure access to the city’s job centers and major institutions. This also helps the City meet its climate resiliency goals and supports the regional transit system by encouraging and facilitating ridership.

The City has also adopted a new Form-Based Zoning Code as recently as June 2024. The code has been adopted by City Council and will apply to three pilot geographies this year. This grant would support the expansion of that program in the target areas defined above.

D. Manufactured Housing Loan Guarantee Fund

This activity would create a long term, low-cost debt source to finance the construction of manufactured/modular housing communities in our city, specifically leveraging the available land in the target areas identified above. The strategy hinges on turning a long-term liability of the city – large amounts of vacant residential land – into an asset by providing readily available land that can be assembled relatively easily into sites that make sense financially to develop with manufactured/modular housing products. By utilizing partner bond capability and rating, we can offer low-interest debt to finance developers to deliver housing products on city-owned land.

III. The City of Cleveland's Approach

A. Project Description

In the event of a PRICE Main award, the City of Cleveland will deploy the social housing model planning and loan guarantee fund for City land bank lots described above. In addition to the opportunity posed by loan guarantees for social housing on City land bank lots, the City also has an opportunity to bring a modular home manufacturer to the City if the PRICE Main award generates a sufficient number of units. In partnership with the City of Cleveland, The Site Readiness For Good Jobs Fund⁸ (the Site Readiness Fund) works to revitalize Cleveland's neighborhoods, reduce blight, promote sustainability, and empower residents to build lasting wealth. The Site Readiness Fund has undertaken a process that may result in the selection of a modular homebuilder and the construction of a modular home factory in Cleveland, by the end of 2025. The goal of the initiative is to quickly ramp to building at a rate of 200 affordable homes per year and to achieve a cumulative total of 1,000 homes over five years by 2030.

As the City addresses tenant protections and the necessary planning for manufactured and modular homes as an amendment to its 2030 Housing Equity Plan in 2024 and 2025, the PRICE Main award will ensure necessary demand to also open a timeline for The Site Readiness Fund and the City to:

- Issue an RFP for manufacturer selection – 4th quarter of 2024
- Select a manufacturer – 1st quarter of 2025
- Determine City land bank site selection within transit corridors – mid-2025
- Align organizations to commit to construction – mid-2025
- Initiate construction – late 2025

In parallel with this timeline, the Site Readiness Fund, the City, community stakeholders, and the selected manufacturer will work with City Planning to streamline processes around permitting and inspections, standardize costs and processes for utility connections, develop a process for sustainability inspection and certification, address existing zoning restrictions, and develop strong tenant protections.

⁸ <https://www.sitereadycle.org>

The City's land bank land within transit corridors will be used for building, and it is envisioned that building will occur both on large vacant lands (with 25-250 units as new or expanded neighborhoods) as well as infill (single or multi-family new homes within existing neighborhoods) in a social housing model. Selection of the best locations will consider where affordability gaps are greatest, align with transit corridors, and develop a sense of community among residents.

B. Affordability and Equity

Increased availability of modular affordable housing comes from both increased supply and a lower development price point. The building industry has shown greater willingness to build modular (vs stick built) for affordable housing because the economics and long-term affordability of stick-built homes at the affordable housing price point are not attractive. Making modular homes available from a local manufacturing facility increases supply with low logistics costs, which increases affordable local rental options. Industry sources state that modular housing is 10-20% lower cost than traditional stick-built housing while achieving equivalent quality.⁹ Beyond that 10-20%, it is also a focus of the Site Readiness Fund effort to further reduce costs through process optimization, and low operating costs. By reducing building, construction and operating costs, and delivering

Operating costs is another dimension of "price" addressed by modular home development. With durable designs, high insulation rating, and other efficiencies, the maintenance and utility costs are also lower to allow greater affordability.¹⁰

With a PRICE Main award that results in the financing of at least 100 units of manufactured or modular housing, the City of Cleveland and the Sites Readiness

⁹ Increasing Affordable Housing Stock Through Modular Building, Michela Zonta, Center for American Progress, February 6, 2024, available at <https://www.americanprogress.org/article/increasing-affordable-housing-stock-through-modular-building/>; The Cost of Modular Homes in the US, Jobsite, May 24, 2021, available at <https://www.procore.com/jobsite/the-cost-of-modular-homes-in-the-us>.

¹⁰ Increasing Affordable Housing Stock Through Modular Building, Michela Zonta, Center for American Progress, February 6, 2024, available at <https://www.americanprogress.org/article/increasing-affordable-housing-stock-through-modular-building/>.

Fund have an opportunity to site and partner with a local manufacturer of modular housing. The City expects that a local manufacturer will hire approximately 100 full-time hourly employees with additional hiring necessary for builders. The City and Site Readiness Fund also expect that a manufacturer’s hiring will target neighborhoods immediately adjacent to the manufacturer’s location within the City of Cleveland. The City expects the selected manufacturer to train and hire employees through high school vocational programs and job training programs like JobsOhio to develop a local workforce for modular home manufacturing in Cleveland.

C. Environment and Resilience

The City of Cleveland has developed a Climate Risk and Vulnerability Assessment (CRVA) to assess the overall vulnerability of its residents to a changing climate and to select appropriate strategies to adapt to these impacts.¹¹ The Assessment includes a review of the neighborhoods most vulnerable to climate hazards and identification of the City’s top four priority climate hazards. In addition, the City has determined which groups of people and types of community systems are most vulnerable to those four hazards.

Within the neighborhoods of Slavic Village, St. Clair–Superior, Buckeye Woodhill, and North Collinwood, the following climate hazards and vulnerabilities were documented in the CRVA:

Neighborhood	Climate Hazard	Vulnerable Population	Vulnerable Community System
Slavic Village	Extreme Heat Poor Air Quality	Outdoor workers, homeless residents, children, people living with medical issues/disability	Public health, food and agriculture, ecosystems/environmental health, community/cultural
St. Clair–Superior	Flooding Poor Air Quality	Outdoor workers, homeless residents, children, people living in low-	Public health, food and agriculture, ecosystems/environmental health, community/cultural

¹¹ Cleveland’s Climate Action Update: Climate Risk and Vulnerability Assessment 2024, Sustainable Cleveland, available at <https://www.sustainablecleveland.org/crva>.

		income/disinvested communities	
Buckeye Woodhill	Poor Air Quality	Outdoor workers, homeless residents, children	Public health, ecosystems/environmental health, community/cultural
North Collinwood	Flooding Poor Air Quality	Outdoor workers, homeless residents, children, people living in low-income/disinvested communities	Public health, food and agriculture, ecosystems/environmental health, community/cultural

The CRVA predicts that increases in flooding, heavy precipitation and severe summer storms will create additional housing demand and make it more difficult for vulnerable populations to secure stable housing. Adapting to climate hazards requires that the City increase affordable rental housing options and address transportation and food access.

Throughout the United States, manufactured home communities (MHCs) face greater threats from climate hazards, especially flooding and reliable utility access. Slate reports that growing the supply manufactured homes to address the affordable housing crisis may have unintended consequences of “increasing risks to health and well-being” for residents of MHCs because sites are often located on “climatically hazardous sites,” and the MHC owners are “able to determine what climate mitigation solutions are and are not permitted....”¹² Evidence exists that manufactured homes are becoming more climate resilient. In addition, the City of Cleveland’s land bank lots provide for greater resilience for utility and public transit access. However, as pointed out by the Slate article, the unique affordability of manufactured homes comes from the fact that most MHCs develop rental options rather than ownership opportunities. Thus, the need to address rental housing stability through (1) tenant protections for City-owned lands utilized for manufactured and modular rental housing development, (2) development of manufactured and modular affordable rental housing on City-owned land bank lots.

¹² Mobile Homes Have a Major Climate Change Problem, Lora Phillips and Melissa Guardaro, Slate, Nov. 2, 2022, available at <https://slate.com/technology/2022/11/mobile-homes-climate-change-heat-wave-deaths.html>.

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