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Strategy Building Session for WireNet for the City of Cleveland West Side Economic Development Initiative: Site Prioritization and Selection

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**STRATEGY-BUILDING SESSION FOR WIRE-NET FOR THE CITY
OF CLEVELAND WEST SIDE ECONOMIC DEVELOPMENT
INITIATIVE: SITE PRIORITIZATION AND SELECTION**

Prepared for:
WIRE-NET

By:
The Great Lakes Environmental Finance Center

December 15, 1998

The Urban Center
The Maxine Goodman Levin College of Urban Affairs
Cleveland State University

ACKNOWLEDGMENTS

Several people contributed to the success of this project. First, the United States Environmental Protection Agency provided the funding to the Great Lakes Environmental Finance Center (GLEFC) to complete this technical advisory project. Michael Hoag, Real Estate Manager for the West Side Industrial Retention and Expansion Network (WIRE-Net) planned and co-facilitated the workshop. Jackie Keeling Holland, MS, a doctoral student in the Urban Center at Cleveland State University, provided site research prior to the workshop, as did Paul Christensen of Neighborhood Progress Inc., Michael Hoag and Howard Lichtig of CB Commercial Properties.

Clem Dinsmore, financial planner with The Acacia Group and environmental finance policy consultant (Washington, DC) served as the consulting advisor to the site selection process.

This report was written by Kirstin Toth, with editorial assistance from Donald Iannone.

We express our sincere appreciation to these individuals and groups.

Kirstin Toth, Project Director
Community Brownfield Professional Advisory Service
Great Lakes Environmental Finance Center

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EXECUTIVE SUMMARY

On December 1, 1998, the Great Lakes Environmental Finance Center (GLEFC) conducted a workshop for the Working Group of the Cleveland-West Side Economic Development Initiative, managed by the West Side Industrial Retention and Expansion Network (WIRE-Net). The purpose of the workshop was to assist the Working Group in its efforts to prioritize six to eight sites for brownfield redevelopment actions from a larger list of 15 sites.

Redevelopment of these particular brownfield sites is being driven by a recently awarded US EPA Brownfields Pilot Grant to the City of Cleveland. WIRE-Net is managing the project under the grant for the City. Fifteen sites were initially incorporated into the first review of possible candidates. The workshop's goal was to discuss and review the relevant research compiled about each site based upon the site selection criteria selected by the group at its first meeting in October. These site selection criteria are:

1. Presence of known end-user interest in the properties, ie. is there an existing owner or potential buyer interested in the re-use of the site.
2. Low perceived contamination and low expected redevelopment costs. Is there anything environmental currently known or perceived about the status of the property that would imply the cost to clean it up?
3. Economic impact of the projected re-use of the site, based upon projected property taxes.
4. Any known environmental enforcement or legal action on the site, measured by known, federal or state listed actions, and delinquent tax records.
5. Ease of site assembly, measured by the number of parcels per site; and
6. Marketability, as assessed by anecdotal and primary research discussed among the Working Group members.

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Once the site selection criteria were established by the Working Group, the GLEFC provided much of the background research to apply the criteria to each site. Relevant characteristics of each site based upon the criteria were compiled from a variety of sources, most notably two development plans prepared by URS Greiner (Cleveland, Ohio). URS Greiner prepared development plans for the Stockyard Area and for the Berea Road & West 117th Street Corridors, (also called the WEBCo area,) which encompass the sites under the Working Group's brownfield redevelopment discussion. The chart in the Appendix to this report was created by GLEFC staff in order to provide guidance prior to the workshop.

The Working Group deliberated the advantages and disadvantages of each of the initial fifteen sites, and throughout the discussion, grouped the sites based upon their likelihood of further action. This grouping of High, Medium and Low prioritization of the sites accomplished the goal of identifying an initial list of top priority sites for further discussion and eventual redevelopment action. The preliminary groupings of the sites follows:

HIGH PRIORITY

1. Stockyard Area Site 5: West 65th and Stock Avenue
2. Stockyard Area Site 10: West 67th and Denison
3. Stockyard Area Site 13: West 65th and Clark
4. WEBCo Area Site 2: West 114th and Western Ave.
5. WEBCo Area Site 6: West 112th and Franklin Blvd.

MEDIUM PRIORITY

1. Stockyard Area Site 4: Walworth and West 59th St.
2. Stockyard Area Site 12: Denison and Ridge Roads
3. WEBCo Area Site 8: West 117th Street and Berea Road

LOW PRIORITY

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1. Stockyard Area Site 6: 1408 West 65th Street
2. Stockyard Area Site 7: West 65th Street-KMart Plaza
3. Stockyard Area Sites 8 & 9: Storer Ave-West 65th Street and West 67th Place
4. Stockyard Area Site 11: Storer and West 67th Place ballfield
5. WEBCo Area Site 1: Berea-Madison-West 104th
6. WEBCo Area Site 4: West 117th and Elmwood

INTRODUCTION

The Cleveland-West Side Economic Development Initiative Working Group was formed by WIRE-Net in September 1998 in order to help facilitate the redevelopment of urban brownfield sites on Cleveland's west-side. Michael Hoag of WIRE-Net, is managing the project, and assembled the Working Group for its initial meeting October 29. Much was accomplished at that initial meeting including a detailed review of the two-year project work plan, a review of the two major area development plans prepared by URS Greiner, and the establishment of six major criteria for site selection.

The role of the GLEFC has been in two facets: 1) as a Working Group member to provide general financial and technical assistance throughout the work plan implementation; and 2) in a more defined role as facilitator for the initial site selection process. In this more defined assignment, the GLEFC prepared the focus of the second Working Group meeting as a workshop in order to accomplish the goal of narrowing a large list to a manageable group of redevelopment candidates.

The GLEFC helped center the workshop discussion on narrowing the field of 15 sites into six-to-eight sites for implementation of Phase I and II site assessments and other actions leading to eventual redevelopment of three or four sites. An outside expert advisor was brought to the discussion in order to add a more national perspective to the financing of the sites that would eventually undergo

redevelopment actions. This advisor, Clem Dinsmore, is a financial planner from Washington with vast experience in national brownfield redevelopment policy and finance research in the redevelopment of urban land. Mr. Dinsmore conducted a drive-by review of the 15 sites, and provided commentary and advice during the workshop.

SITE PRIORITIZATION

The initial group of fifteen sites was established from the development planning prepared by WIRE-Net in its target neighborhoods on Cleveland's West Side industrial corridors. The review and planning incorporated the work of URS Greiner, who established background research and information on more than 15 sites in two major redevelopment focus areas: the Stockyard Area, and the Berea Road/West 117th Area. URS Greiner prepared detailed redevelopment plans that included possible reuse scenarios for each site. The Working Group relied upon the economic forecasts and much of the primary research data compiled by URS Greiner, but did not incorporate their suggestions for reuse at this time. No environmental assessments were included in the work done by URS Greiner, thus, the Working Group did not consider the reuse scenarios relevant in the brownfield redevelopment context and immediate task of the site prioritization.

In order to establish some management of the process, the Working Group discussed each site's merits based upon the site selection criteria established at its meeting in October. These site selection criteria are:

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1. Presence of known end-user interest in the properties, ie. is there an existing owner or potential buyer interested in the re-use of the site.
2. Low perceived contamination and low expected redevelopment costs. Is there anything environmental currently known or perceived about the status of the property that would imply the cost to clean it up?
3. Economic impact of the projected re-use of the site, based upon projected property taxes.
4. Any known environmental enforcement or legal action on the site, measured by known, federal or state listed actions, and delinquent tax records.
5. Ease of site assembly, measured by the number of parcels per site; and
6. Marketability, as assessed by anecdotal and primary research discussed among the Working Group members.

Once the relevant research for each criterion was applied to each of the fifteen sites, the Group assigned a preliminary ranking of Low, Medium and High to each site as it was discussed in the workshop. The following details the discussion of the High-ranked sites, and provides highlights of those that were ranked Medium and Low in priority.

HIGH PRIORITY

The High-priority ranking signifies a desire to pursue further investigation on these sites before others. The goal is to reach a final list of six to eight sites for further redevelopment actions.

1. **STOCKYARD AREA SITE 5: WEST 65TH AND STOCK AVENUE:** This site received a high priority ranking because it offers potential for sale to a known interested party. Despite the fact that there are seven parcels to the four-acre site, the potential buyer is seeking long-term control of the site, a very positive factor in the potential for brownfield redevelopment.

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2. **STOCKYARD AREA SITE 10: WEST 67TH AND DENISON:** The proximity of this site as a food distribution location, plus its recently transferred ownership to Giant Eagle makes it a possible candidate for discussion for site control and eventual redevelopment. There are two parcels to this 5.8 acre site.
3. **STOCKYARD AREA SITE 13: WEST 65TH AND CLARK:** This site ranked High because of a known potential buyer (an existing tenant) for the property, and a desire to redevelop the site into attractive and productive re-use. The single parcel-site, and the tax delinquency could make this property a likely candidate for a partner in brownfield redevelopment. *Note: Since the Working Group's discussion and ranking of this site, the potential buyer has made his interest in the property more defined and is pursuing financing options from the City for environmental assessments. WIRE-Net is assisting this client in hopes of incorporating this site into the Pilot.*
4. **WEBCo AREA SITE 2: WEST 114TH AND WESTERN AVE.:** Three parcels make up this site with the Welded Ring Company parcel identified as the most attractive. One parcel owner is interested in expansion, and the vacant land available makes this a good prospect for a brownfield redevelopment project.
5. **WEBCo AREA SITE 6: WEST 112TH AND FRANKLIN BLVD.:** The transportation access available to this 14.9 acre site makes this very attractive to pursue possible redevelopment. Access from Detroit Rd., to rail and RTA make this a High-ranked site. While there is no current know-user interest, there are a manageable six number of parcels to address.

MEDIUM PRIORITY

The medium priority-ranked sites are those that could warrant further discussion or redevelopment action if those on the High priority list do not result in satisfactory options after some initial discussions with owners or other relevant research.

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1. **STOCKYARD AREA SITE 4: WALWORTH AND WEST 59TH ST.:** This 2.4 acre site is situated between private parcels and the existing Walworth Run redevelopment site currently underway by WIRE-Net. This site's location would require some additional site assembly and building purchase not in the current plan.
2. **STOCKYARD AREA SITE 12: DENISON AND RIDGE ROADS:** This location is in an existing retail plaza at the corner of Denison and Ridge providing high retail visibility. However, the Working Group concluded that current retail market needs were generally for larger parcels than this one available. It would be feasible to re-visit this decision with additional research and discussion.
3. **WEBCo AREA SITE 8: WEST 117TH STREET AND BERA ROAD:** This site encompasses both the cities of Cleveland and Lakewood, and could become a candidate for further investigation due to its high visibility location.

LOW PRIORITY

The Low priority sites listed below were identified as those that, for many marketing and potential cost reasons, were not deemed as marketable as the Medium and High-ranked sites. It is unlikely that the Low-ranked sites will provide opportunities for brownfield redevelopment under the current Pilot project. However, they may provide for future opportunities given a particular need for the type of parcels available. In other words, they are not completely ruled out for redevelopment, but do not fall within the selection criteria established for this Pilot project.

1. Stockyard Area Site 6: 1408 West 65th Street
2. Stockyard Area Site 7: West 65th Street-KMart Plaza
3. Stockyard Area Sites 8 & 9: Storer Ave-West 65th Street and West 67th Place
4. Stockyard Area Site 11: Storer and West 67th Place ball field

5. WEBCo Area Site 1: Berea-Madison-West 104th
6. WEBCo Area Site 4: West 117th and Elmwood

ADDITIONAL SITES FOR CONSIDERATION

Several additional sites have been identified as candidates for further research and discussion. The Marlin Manufacturing site at West 115th and Triskett, and the Rite Aid at Madison and West 91st are both possible sites to consider given their visible locations and access to transportation. In addition, there are two possible sites that border the WIRE-Net study area but are located wholly in the City of Lakewood that require discussion and research based upon the group's established criteria. While these sites are located in Lakewood, the City of Cleveland may be willing to consider a collaborative effort if the redevelopment potential and benefits can be demonstrated.

The Working Group's next meeting will address these additional sites and complete the prioritization process and list of High priority sites for further action.

FINANCING OPTIONS

Clem Dinsmore provided an overview and discussion addressing the Group's prioritization and site selection process. Mr. Dinsmore addressed four topics: 1) three simple issues in redevelopment affecting the potential for success; 2) financing concepts and practice; 3) the concept of life insurance as a unique way to pay for future clean-up, and 4) an additional marketability criterion.

- 1) Mr. Dinsmore identified three primary issues affecting the ability to redevelop and reuse any site: vandalism, fire and roofing. If any or all of these three simple factors poses a major impediment to reuse of the site, then the property may not be worth selecting as a High priority potential site. In other

words, the cost to repair any one of these perceived and/or real threats may be prohibitive.

2) In financing practice, there are three primary parties that should be pursued as potential investors or redevelopment partners: a) adjacent property owners; b) regional utility owners; and c) the insolvent company's investors. Adjacent property owners may have expansion plans unknown to the public until an inquiry is made. In the case of the City of Chicago's brownfields redevelopment projects, the majority of those pilot projects were company expansions. Regional utility owners often have economic development funds available for company expansions or redevelopment efforts, especially if the end-user will become a major utility user. And, the insolvent company's ownership of a brownfield property often indicates that there will be investors who have a highly personal and financial interest in seeing the site put to productive reuse.

3) The concept of a life insurance policy used as a way to pay for clean-up and redevelopment of a site is based upon the premise that the current or future property owner provides a life insurance policy to the potential buyer as an asset to be used in the future. For example, if a property is approved by regulatory agencies as cleaned-up for a specific use, defined only by today's redevelopment needs, then the future potential of the property is limited to the use established by today's standards, and today's available clean-up and redevelopment dollars. But, if the property's sale was accompanied by the transfer of the owner's life policy, payable to the new owner for the benefit of future redevelopment, then the future potential of the property remains unrestricted, and hence more valuable to a potential owner.

The concept is complex, but is based upon the converse principle of a parcel of land removed from future redevelopment (and hence financial gain) as a result of a landowner's intent to donate the land for preservation, such as in a land trust. If the land can be held and therefore reduced for future value to the heirs of the property, then why can't the converse also occur? In other

words, preserve the future value of the property by transferring a life insurance policy of the current owner to the new owner as an asset, a means to pay for the future redevelopment of the parcel. Thus, the property is not limited to its current cleaned-up use established today; it has future value because of the life insurance asset payable in the future for a new use's remediation standards.

- 4) Mr. Dinsmore also recommended to the Working Group that the selection criteria of Availability be added. While it goes hand-in-hand with the Marketability criterion, it should be determining factor in evaluating the High priority sites under consideration. How soon the site becomes available for redevelopment should affect the Working Group's consideration for the Pilot project.

NEXT STEPS

Since the Working Group is close to completing its list of six-eight top sites, additional information should be obtained on each of the identified High priority sites, in addition to the remaining Lakewood sites for further consideration. A sub-committee of the Working Group or WIRE-Net's Board could take on the initial exploration with existing property owners to assess their interest and willingness to participate with WIRE-Net's management of the Pilot program.

In addition, the Working Group may want pursue discussions with City about its plans for devising a long-term land banking/assembly strategy. Adding the Working Group's voice to this type of discussion, possibly in partnership with other development organizations in the City, may eventually help move properties through brownfield redevelopment more easily. USEPA has a "road show" of experts willing to provide education for officials on municipal liability in

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land assembly in order to provide understanding and a greater comfort with the process., especially as it related to brownfield redevelopment.

APPENDIX

MEETING AGENDA

Initiative Cleveland –West Side Economic Development
Working Group Strategy-Building Session

SITE PRIORITIZATION AND FINANCING OPTIONS

FACILITATED BY

THE GREAT LAKES ENVIRONMENTAL FINANCE CENTER

Cudell Improvement, Inc.
Lower Level, Board Room
11500 Franklin Blvd.
(216) 228-4383

Tuesday, December 1, 1998

Agenda

- | | |
|----------------|--|
| 8:00-8:30 a.m. | Refreshments and Introductions |
| 8:30-10:00 | Review criteria and site photos/discussion <i>During this discussion, the goal is to place each site nto an initial grouping of high, medium or low probability Working Group for future action.</i> KirstinToth / Clem Dinsmore |
| 10:00-10:30 | Make final prioritization of sites into top 6 Michael Hoag |
| 10:30-10:45 | Break |
| 10:45-11:30 | Assessment & Clean-Up Financing: Options for Additional Sites Clem Dinsmore |
| 11:30-Noon | Wrap-Up and Next Steps Michael Hoag |

ABOUT THE URBAN CENTER

The Urban Center is a nationally recognized source of policy research, technical assistance, and training services on urban and regional development issues. As the research arm of the Maxine Goodman Levin College of Urban Affairs at Cleveland State University, the center serves the urban community and the region as a resource for the investigation of policy issues and provides assistance to community leaders in addressing current challenges.

The center's programs and initiatives offer applied research, technical assistance, strategic planning, and training to public officials, community leaders, and the private sector with the objective of enhancing the quality of life in urban communities. The center also has expert capacities in geographic information systems, leadership development, communications technology, survey research, and data resources. The Urban Center provides leadership for the collaborative research and public service goals of the Ohio Board of Regents' Urban University Program (UUP).

The Urban Center employs over thirty professional staff members and provides graduate assistants and undergraduate students with an opportunity for experiential learning. In addition to its own agenda, the Urban Center supports the research and training projects of the College faculty.

For further information on the Urban Center and its activities, please contact Larry Ledebur, Director, The Urban Center, Levin College of Urban Affairs, Cleveland State University, 1737 Euclid Avenue, Cleveland, Ohio 44115.

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