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## Living Cities Integration Initiative: Cleveland, Ohio- Greater University Circle Community Wealth Building Initiative: Year 2 Programs & Project Report

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Cleveland State University**

**May 2013**

**LIVING CITIES  
INTEGRATION  
INITIATIVE:  
CLEVELAND, OHIO**

**GREATER UNIVERSITY  
CIRCLE COMMUNITY  
WEALTH BUILDING  
INITIATIVE**

**YEAR TWO PROGRAMS &  
PROJECTS REPORT**

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## INTRODUCTION

This report outlines the progress of the programs and projects of The Integration Initiative (TII) of Living Cities (LC) in Cleveland, Ohio. This report is prepared for the Cleveland Foundation and Living Cities by the team of local evaluators from Cleveland State University's Levin College of Urban Affairs.

The report covers programs and projects that address the four goals of the Cleveland TII: Buy Local, Hire Local, Live Local, and Connect Residents, as well as cross cutting programs. The report outlines the work of the three anchor institutions, Case Western Reserve University, The Cleveland Clinic, and University Hospitals Health System; the Evergreen Cooperatives Corporation and its three coops: Evergreen Cooperative Laundry, Evergreen Energy Solutions, and Green City Growers; the Health Tech Corridor; NewBridge Cleveland Center for Arts & Technology; Neighborhood Connections and Neighborhood Voice; and Greater Circle Living. The information presented in this report is drawn from interviews with the members of the Greater University Circle Community Wealth Building Initiative's (GUCCI) Economic Inclusion Management Committee (EIMC) and other key stakeholders, meeting agendas and minutes for the EIMC, briefings with LC Initiative principals at the Cleveland Foundation, reviews of background documents related to the LC Initiative, and data collected from University Hospitals, the Cleveland Clinic, Case Western Reserve University, Greater Circle Living, NewBridge, the city of Cleveland, the Evergreen Cooperatives, and the Cleveland Foundation.

## CROSS CUTTING PROGRAMS

### NATIONAL DEVELOPMENT COUNCIL

National Development Council (NDC) has been working in Northeast Ohio for years. However, their role has grown with the TII and has increased their capacity to loan in Cleveland. While Living Cities' senior debt funds have not yet been allocated for a specific real estate project in 2012, NDC was able to close on its first SBA-guaranteed loan for the Ohio Mills Corporation, a local, green company that employs 64 workers. The total loan is valued at \$633,000, which includes \$474,750 of SBA guaranteed Living Cities senior debt.

NDC also manages the Evergreen Development Fund and is involved in the Evergreen Cooperatives Corporation and the individual Evergreen Cooperatives. They also have created a mechanism for cross-referrals with a micro-financing organization, the Economic and Community Development Institute (ECDI).

### ECONOMIC COMMUNITY DEVELOPMENT INSTITUTE

Microfinancing for small businesses in Cleveland has been a major gap which is now filled by Economic Community Development Institute (ECDI). ECDI is a micro-lender that provides capital, training, and technical assistance to help start and/or expand very small businesses in the Greater University Circle neighborhoods. To date they have raised \$4.4 million for loans in the Cleveland market. TII funds are being utilized to hire a relationship manager who focuses on making loans to companies in the Greater University Circle neighborhoods and to cover the Loan Loss Reserve dollars under the Small Business Administration (SBA) microloan programs to businesses located in these neighborhoods. The relationship manager is working closely with several organizations to get referrals for start-up and existing small businesses which may need access to micro loans. These organizations include Cleveland Neighborhood Development Coalition, community development corporations, city council members, the city of Cleveland, Ohio State University Extension, the Uptown Business Association, the Hispanic Center, Bad Girl Ventures, and other community-based organizations. To date, ECDI has four GUC-based companies in the pipeline for funding.

ECDI received a \$786,000 grant from the U.S. Department of Health and Human Services to support healthy food initiatives in the neighborhoods. Approximately \$400,000 will be used as to purchase equipment and as a working line of credit for Green City Growers. The remaining grant funds will be used for other healthy food projects and technical assistance in GUCI.

## BUY LOCAL

### ANCHOR INSTITUTIONS

#### Anchor Overview

The Integration Initiative is a new paradigm of community and economic development that focuses specifically on large-scale institutions, typically higher education and medical institutions that are rooted in local communities and regions. The premise is that anchor institutions do not have the luxury of relocating their operations; therefore, they have a stake in the success and failure of their local communities and should actively participate in their development. The anchors that are the focus of the TII in Cleveland are Case Western Reserve University, the Cleveland Clinic, and University Hospitals Health System; all of which are located in Greater University Circle (GUC).

All three of these anchors have made significant contributions to the development of the GUCI area. For example, Case Western Reserve University is planning a new medical school campus. The Cleveland Clinic invested over \$150 million in 2011 and \$56 million from January through August of 2012 in GUCI. University Hospitals opened the Seidman Cancer Center in 2011 at a cost of \$260 million, among other investments.

#### Anchor Procurement

One of the main goals of the Cleveland TII is to harness the purchasing power of the three anchor institutions. In 2011, the three, combined, spent almost \$2.9 billion on goods and services (Table 1). Of this, 14% was spent in the city of Cleveland and 27% in Cuyahoga County.

Case Western Reserve University alone spent over \$406 million on procurement 2011. Of this, \$108 million (26%) was spent in Cuyahoga County and \$60 million (15%) in Cleveland.

The Cleveland Clinic spent \$1.9 billion on procurement in 2011. Of this, 26% (\$495 million) was spent with Cuyahoga County vendors and 11% (\$207 million) with city vendors.

University Hospitals had a total 2011 procurement of \$585 million. They spent \$174 million (30%) in Cuyahoga County and of that; they spent \$140 million (24%) in the city.

**Table 1: 2011 Anchor Procurement<sup>1</sup>**

Vendors	Case Western Reserve University		Cleveland Clinic		University Hospitals	
	<i>Dollar Amount</i>	<i>% of Total</i>	<i>Dollar Amount</i>	<i>% of Total</i>	<i>Dollar Amount</i>	<i>% of Total</i>
Total Procurement	\$406,424,189	100%	\$1,888,692,385	100%	\$585,000,000	100%
Vendors in Cuyahoga County	\$107,700,021	26%	\$494,525,350	26%	\$174,000,000	30%
Vendors in the City of Cleveland	\$59,920,853	15%	\$207,120,602	11%	\$140,000,000	24%
Vendors located outside Cuyahoga	\$298,724,167	74%	\$1,394,167,035	74%	\$411,000,000	70%

In 2012, the three anchors spent \$2.6 billion on goods and services (Table 2). Of this, 28% of the purchases were made to vendors in Cuyahoga County and 15% of those were located in the city of Cleveland.

Case Western spent \$424 million in 2012. Twenty-eight percent of their purchases (\$117 million) were in Cuyahoga County and 15% (\$64 million) were in the city.

The Cleveland Clinic spent \$1.9 billion in 2012. Of this, 26% (\$495 million) was spent in Cuyahoga County and 11% (\$207 million) was spent in the city of Cleveland.

University Hospitals spent \$585 million between in 2012. Of this, \$174 million (30%) was spent in the county and \$140 million (24%) was spent in Cleveland.

**Table 2: 2012 Anchor Procurement**

Vendors	Case Western Reserve University		Cleveland Clinic		University Hospitals	
	<i>Dollar Amount</i>	<i>% of Total</i>	<i>Dollar Amount</i>	<i>% of Total</i>	<i>Dollar Amount</i>	<i>% of Total</i>
Total Procurement	\$424,228,820	100%	\$1,804,666,846	100%	\$404,000,000	100%
Vendors in Cuyahoga County	\$117,379,382	28%	\$433,993,090	24%	\$173,000,000	43%
Vendors in the City of Cleveland	\$64,092,613	15%	\$225,716,374	13%	\$115,000,000	28%
Vendors located outside Cuyahoga	\$306,849,438	72%	\$1,370,673,756	76%	\$231,000,000	57%

Additionally, the city of Cleveland spent \$93.5 million on local procurement in a 5-county region for goods and services or a 15-county region for food in 2012.

<sup>1</sup> The percentages of local procurement underestimate the impact of the anchors on the local economy. The location of vendors or suppliers is identified by the location of the companies' billing address. However, in some services, the supplier is a national company which is located outside Ohio, but local labor is employed to provide the direct services. Examples include food services, security, and parking. The employment created by these companies is excluded from the estimates of "buy local" and "hire local."



## EVERGREEN COOPERATIVE MODEL IN CLEVELAND

The new developments in 2012 were the establishment of the Evergreen Cooperative Corporation and the construction and opening of one of its cooperatives, the Green City Growers.

### Evergreen Cooperative Corporation

The Evergreen Cooperative Corporation (ECC), a nonprofit organization, oversees and supports the work of the individual cooperatives. ECC handles the human resources and accounting needs of cooperatives, helps with finding contacts and leads, and assists in the raising of capital. ECC's new board was only recently established. It is still in the information-gathering and planning phases: learning the cooperative model, ensuring the cooperative model works, and setting goals for the future.

Steve Standley of University Hospitals is the new chair of the ECC Board. He occupies the UH seat in addition to one seat for the Cleveland Clinic (held by Oliver Henkel) Case Western Reserve University (held by John Wheeler), KeyBank (held by Angela Wilcoxson), the McGregor Home (held by Rob Hilton), and the Cleveland Foundation (held by Ronn Richard). Additional members are: Green City Growers (Mary Donnell), Evergreen Energy Solutions (Michael McKenzie), the Kelvin and Eleanor Smith Foundation (Ellen Mavec), Fairmount Management (Robert Glick), The Entrepreneurs Edge (Kirk Neiswander), and a community volunteer (Julie Raskind). There are four non-voting founding members from the Cleveland Foundation: Lillian Kuri, India Pierce Lee, Ted Howard, and Robert Eckardt. There are three advisory members: Chris Warren from the city of Cleveland, John Downs from National Development Council, and Mary Beth Levine from University Hospitals. Evergreen Cooperative Corporation is staffed by John McMicken, Interim CEO of ECC, and Robert Sorin, Acting CFO of ECC.

Additionally, the anchors continue to support the Evergreen mission. University Hospitals provided \$1 million to support ECC and the Evergreen Fund. Case Western Reserve University is providing \$500,000 over 4 years.

### The Individual Cooperatives

#### *Evergreen Cooperative Laundry*

The Evergreen Cooperative Laundry (ECL) was designed to provide its clients with industrial-scale, energy-efficient laundry services at competitive prices. The business is located in Cleveland's Glenville neighborhood. The capacity of ECL is 8 million pounds of laundry per year and the financial breakeven point is about 4.3 million pounds per year. When Bob Sorin, Acting CFO of ECC, joined the team, he was tasked with taking ECL to profitability. Working together with Ron Jones, they have put metrics in place and made improvements to the infrastructure, while employee-owner, Keith Parkham, served as the interim CEO.

The focus of the business has shifted over time. While originally it was set up to serve the anchors, the focus later moved to nursing homes. Recently, hotels were added to the mix of clients. By the end of 2012, the Evergreen Cooperative Laundry has diversified its client base, increased its business volume, but has not reached a level of profitability.

Evergreen Cooperative Laundry continues to face challenges. Managing the continued growth is difficult, as is financing that growth. The cooperative model is not easily funded through traditional sources. The problem of right sizing of personnel for the total pounds of laundry remains a struggle. Also, the business continues to require training and education for employee-owners to increase efficiency.

### *Evergreen Energy Cooperative*

The second cooperative, Evergreen Energy Solutions (E2S), changed its name from Ohio Cooperative Solar in 2012 to better represent their wide array of services. Not only does this co-op design, install, and maintain solar panels, it also provides energy efficiency and home performance services to increase the efficiency of residential and commercial buildings.<sup>2</sup>

The solar energy service of the cooperative was to have at least five projects in 2012 and continues to drive the business overall. Three projects were ready for installation: two of which were University Hospitals' Seidman Cancer Center and the Cleveland Clinic pathology lab, and a third project which has not yet been disclosed.

The solar business received a \$200,000 loan from the city of Cleveland and a \$1 million line of credit from KeyBank's New Markets Tax Credits to grow their energy conservation business. Worries about how the business will survive after the 2009 American Recovery and Reinvestment Act (ARRA) funding, which covered many of the home weatherization projects are being partially addressed by looking for future investors to own the solar arrays rather than E2S.

The second line of business for E2S is home weatherization. While the co-op business plan is still being streamlined to maximize profits in this area, the home weatherization business is solid. E2S has completed work on approximately 400 homes, working both with the city of Cleveland and with private owners. The shift to work on private homes is important as the city of Cleveland will have fewer dollars in the future to use for weatherization.

E2S is expected to break even financially in the near future. Therefore, employee-owners should get money in their capital accounts at the end of the fiscal year in June 2013. Over the next few years, the goals of E2S on the solar projects are to grow to at least two crews of six people each and increase their per-kilowatt totals. The goals on the home weatherization projects are to become well-established in the private sector in both residential and commercial applications, double the size of their output, grow to 20 employee-owners, and perhaps move into lead abatement.

CEO Cliff Wood sees the biggest challenge for E2S as the possible overthrow of Ohio's SB221 which states that electricity must use a certain percentage of renewable energy. The Solar Renewable Energy Credits (SRECs) from this represent the only profit to the business currently. CEO Wood would also like to see a better balance between commercial and residential solar installations.

On the positive side, Wood notes that he is starting to see some of the employee-owners in E2S become strong leaders, role models in the community, and start to be spokespeople for the company. Cliff Wood is also seeing progress with employee-owners connecting the concept of strong customer service to increased sales as well as an increase in the skill level of the employee-owners.

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<sup>2</sup> <http://evergreencooperatives.com/business/evergreen-energy-solutions/>

### *Green City Growers Cooperative*

Green City Growers Cooperative (GCG) is the newest of the Evergreen Cooperatives. Its mission is threefold: to employ residents of GUCI; to build wealth for employee-owners; and to cultivate and market sustainably grown, high-quality fresh produce year round.<sup>3</sup> The cooperative will grow more expensive, specialty lettuce and herbs. The first crop has already been planted and will be harvested in February of 2013 and the CEO hopes to hit a break-even point in six months.

Evergreen Real Estate Corporation, which is wholly owned by Evergreen Cooperative Corporation, owns the land. The cooperative is the tenant and operating company. This structure was set up because New Markets Tax Credits (NMTC), which are being used for the project, cannot be used for farming. The National Development Council has played a key role in the financing of this project, with \$8.5 million in NMTC; other financing sources include \$8 million from PNC Bank, \$8 million in HUD108 loans, and \$2 million in brownfield loans.

Originally, the plan for the greenhouse involved the use of wind energy; however, this was ruled out because the greenhouse is located in the flight path of the airport. The decision to use traditional energy sources will also save start-up costs. The lettuce and herbs that will be grown are low-heat crops.

The hiring process for the worker-owners started in November 2012. CEO Mary Donnell worked with Employment Connections in the search for 20 to 25 workers. New workers participated in three-day training with the Employee Ownership Center. Mary Donnell notes that she needs five skilled workers and 15 to 20 unskilled workers to fill the positions.

Green City Growers already has some retail and wholesale clients lined up, although at this point the names have not been disclosed. The business plan calls for half of the inventory to grocery stores and half to institutional food services including some serving the anchors.

While construction was underway, Mary Donnell spent much of her time reaching out to the community. She met with people from the community and gave tours of the facility. The goal of these meetings was to inform the community about the project, recruit potential workers, and educate the interested parties on what it means to be an employee-owner. Mary Donnell defines success as being profitable in a positive environment with a sustainable business model. Her focus is on exceeding customer expectations. At the end of 5 years, she projects that employment will grow to 42 individuals, a level of growth which is needed to meet the HUD requirement.

In addition, the Sisters of Charity Foundation is supporting a community education effort to introduce the topic of urban agriculture and healthy foods. This will help spread the message about the work of the greenhouse throughout the region.

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<sup>3</sup> <http://evergreencooperatives.com/business/green-city-growers/about/>

## Employee-Owner Demographics

### *Evergreen Cooperative Laundry*

The Evergreen Laundry Cooperative employs 27 workers. Those workers are typically older males. Roughly 74% of workers are male, and 48% of all employees are aged 45 to 54 (Figure 1)—with an average household size of 2.8 (1.7 for women), and an average of 1.8 children per employee household (1.3 for women). The employees of the Evergreen Laundry Cooperative directly and indirectly care for 44 children. Twenty-four of the employees are African American and three are Caucasian. Only eight employees (just under 30%) are homeowners, and 18 (66.7%) have their driver's licenses. Sixteen of the employees are ex-offenders.

Nineteen employees have a high school diploma or GED, six have a certificate or some college, and two have associate's degrees. Only six employees receive government support. Only one respondent noted the financial equivalent of their support which is valued at \$245 in direct subsidies per month.

Nearly half had no employment or less than full-time employment in the year before joining the co-op. Six employees have been with Evergreen Cooperative Laundry for less than 6 months and three additional employees have been with the cooperative for less than a year. Fourteen have been employees between 1 and 2 years and 4 have been with the co-op between 2 and 3 years.

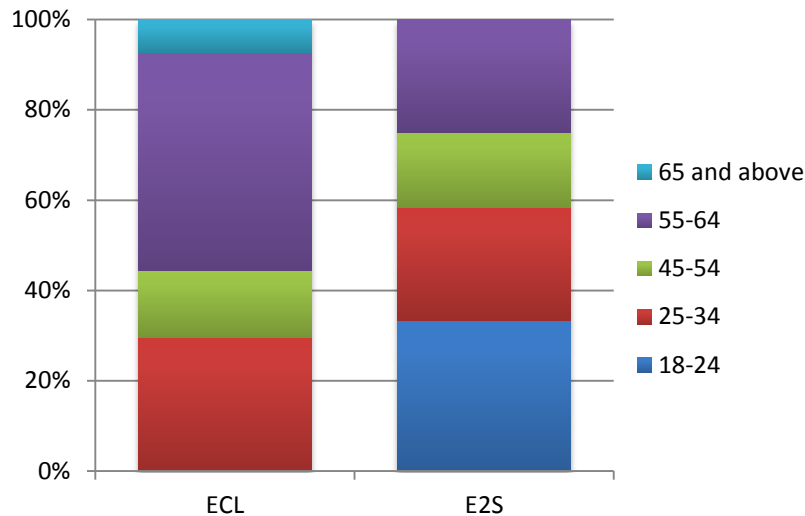
Only two of the Evergreen Laundry employees live in the GUCI neighborhoods. However, 23 live in Cleveland and four live outside the city of Cleveland but within Cuyahoga County.

### *Evergreen Energy Cooperative*

The Evergreen Energy Solutions has 13 employees, and all but one is male. Those workers are typically younger men with an average household size of 3, and an average of 1.4 children per employee household. Three employees have a high school diploma or GED, 9 have a trade certificate or some college, and one has an associate's degree. Six of the employees identify themselves as African American, one as having two or more races, and six identify themselves as Hispanic or Latino. Only two employees receive public subsidies, and no direct subsidies. Nearly 85% of employees have driver's licenses; 54% of employees are below the age of 35, and 31% below the age of 25. Six of the employees are ex-offenders.

Two employees have just started working with the cooperative and have been employed less than 6 months. Six have been with Evergreen Energy Solutions for between 6 and 12 months, two employees between 1 and 2 years, and three employees between 2 and 3 years.

Two employees live in the GUCI neighborhoods. The remaining 11 employees live in the city of Cleveland.

**Figure 1: Age of Cooperative Employees in % of Total Employment, 2012**

### Cooperative Financial Picture

Evergreen Cooperative Laundry has an annual payroll of \$711,022. This translates to an average wage of \$26,334 per employee. Employees start at \$10 per hour and after 6 months move to \$12 per hour. Crew Leaders and Supervisors make \$15 per hour. The total value of the employees' benefits is \$48,113. There is currently \$32,880 in the employee capital account. Twenty-four of the 27 employees are owners. All employees participated in training on human resources and worker conduct last year and three participated in an Ecolab chemicals training.

Evergreen Cooperative Laundry had \$933,290 in revenues in 2011. They operated at a loss. In 2011, they received \$627,900 in loans, and lost \$353,507 in retained earnings and other losses. The cooperative paid \$133,092 in payroll taxes in 2011.

All 13 employees of Evergreen Energy Solutions are owners. They have a total payroll of \$593,681. Wages are slightly higher for E2S workers. They start at \$11 per hour and after 6 months move up to \$13.50 per hour. Crew Leaders make \$16 per hour and Crew Supervisors make \$20 per hour. The average wage is \$15.13. The total value of their benefits is \$34,599. Currently, there is \$21,960 in the employee capital account. As with the laundry, all employees of E2S participated in human resources worker conduct training last year. One employee also participated in a solar training program/class.

Evergreen Energy Solutions had \$186,283 in revenues in 2011. As with the laundry, they operated at a loss. They received \$110,960 in loans, and made \$18,260 in retained earnings and other income in 2011. They paid \$105,737 in payroll taxes.

Table 3 outlines the total investments made from various sources in each of the cooperatives and the pipeline companies. Evergreen Cooperative Laundry received \$2.9 million from foundations, \$1.5 million from the federal government, \$1.37 million in New Markets Tax Credits, and \$1.3 million from other sources. Evergreen Energy Solutions received \$1.2 million from foundations, one million from state government, and \$100,000 from nonprofit organizations. Green City Growers received \$784,558

from nonprofits, \$200,000 from local government, and \$125,000 from foundations. Evergreen Real Estate Company, the land owner of GCG, received \$10 million from the federal government, \$4.8 million in New Markets Tax Credits, and \$1.7 million from other sources. E-Central, a potential new cooperative in the pipeline, received \$40,000 from the Cleveland Foundation for a market study. A total of \$27 million has been invested in the cooperatives thus far.

**Table 3: Total Cooperative Investment by Source**

	Evergreen Cooperative Laundry	Evergreen Energy Solutions	Green City Growers	Evergreen Real Estate Company	E-Central	TOTAL
<b>Foundations</b>	\$2,916,530	\$1,200,000	\$125,000	\$786,900	\$40,000	\$5,068,430
<b>Banks &amp; Corporations</b>	\$750,000	\$0	\$0	\$0		\$750,000
<b>Nonprofits</b>	\$492,597	\$100,000	\$784,558	\$463,100		\$1,840,255
<b>Federal Government</b>	\$1,500,000	\$0	\$0	\$10,000,000		\$11,500,000
<b>State Government</b>	\$0	\$1,030,000	\$0	\$0		\$1,030,000
<b>Local Government</b>	\$102,257	\$0	\$200,000	\$250,000		\$552,257
<b>New markets tax credits</b>	\$1,373,500	\$0	\$0	\$4,761,900		\$6,135,400
<b>Living Cities</b>	\$0	\$0	\$0	\$150,000		\$150,000
<b>TOTAL</b>	<b>\$7,134,884</b>	<b>\$2,330,000</b>	<b>\$1,109,558</b>	<b>\$16,411,900</b>	<b>\$40,000</b>	<b>\$27,026,342</b>

### Cooperative Pipeline

The pipeline of potential businesses is busy. E-Central, a furniture and equipment storage facility (mentioned above) is on track to open in the first or second quarter of 2013. A co-op that would focus on complimentary health care transportation is also in the works. This model would transport patients to and from appointments with a written order from their doctor.

Additionally, through work with the city of Cleveland, a model for an Evergreen Materials Recovery Facility is moving forward. Evergreen Cooperative Corporation has submitted a proposal to the city which is still considering its options.

### Evergreen Housing

The Evergreen Housing Program was launched in conjunction with a local nonprofit housing developer, the Cleveland Housing Network. The purpose was to address the lack of quality, affordable housing, which was seen as an impediment to employee retention for the co-ops. With \$380,000 from the Cleveland Foundation over 2 years, the program was launched in the second half of 2012 and already six employee-owners (4 from ECL and 2 from E2S) are in their new homes. The value of the homes purchased so far is \$122,306.

Qualified employees purchase homes that have become available through CHN's lease-purchase program, typically for \$15,000 or less, with monthly mortgage payments under \$500 per month on a 4- or 5- year term. The model includes a "barn-raising" component in which employee-owners help one

another to update and maintain the homes. To be eligible, worker-owners must be a member of an Evergreen Cooperative, and be in good standing.

## CLEVELAND HEALTH-TECH CORRIDOR

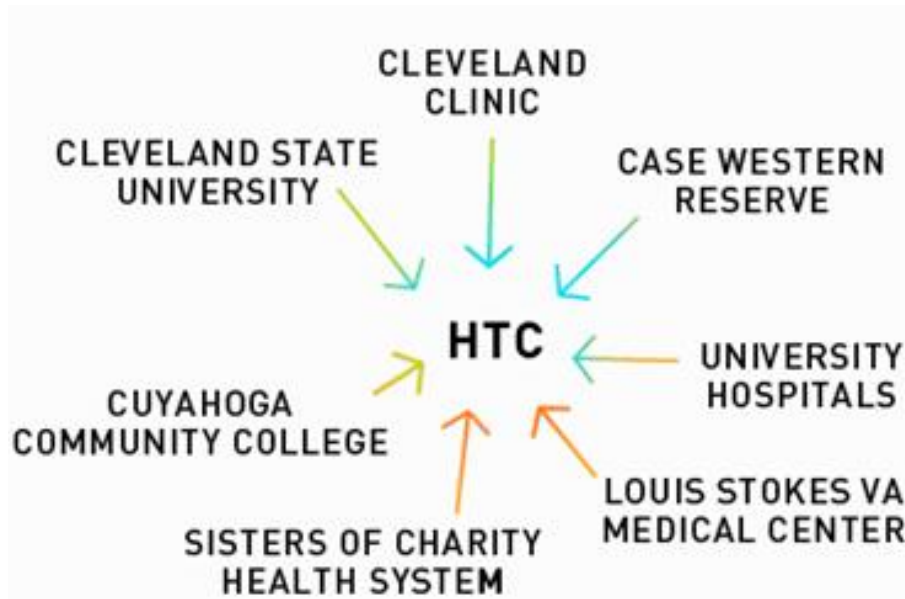
### Program Description

The Health Tech Corridor (HTC) is the transit corridor served by the RTA HealthLine, Cleveland's Bus Rapid Transit which stretches from Downtown Cleveland through University Circle and into East Cleveland, connecting 10 city neighborhoods. The HTC is a prime location for biomedical, healthcare, and technology companies looking to take advantage of the close proximity to four world-class healthcare institutions, including the Cleveland Clinic and University Hospitals, eight business incubators, three academic centers, and more than 130 high-tech companies engaged in the business of innovation<sup>4</sup>.

The TII connected the HTC and GUCI, two formerly separate initiatives, to build a local biomedical hub with incubator and post-incubator startups with the hope of positively influencing the sluggish commercial real estate market in Cleveland. TII grant money has been used to help market and brand the HTC and its loan funding is just beginning to be used for expansion of small businesses in some of the real estate deals along the corridor.

One of the attractions of the HTC is its proximity to the three TII anchor partners as well as to Cleveland State University, Cuyahoga Community College, Sisters of Charity Health System, and the Louis Stokes VA Medical Center. Figure 2 shows the seven large anchor institutions that are a part of the HTC.

**Figure 2: The HTC Anchor Partners**



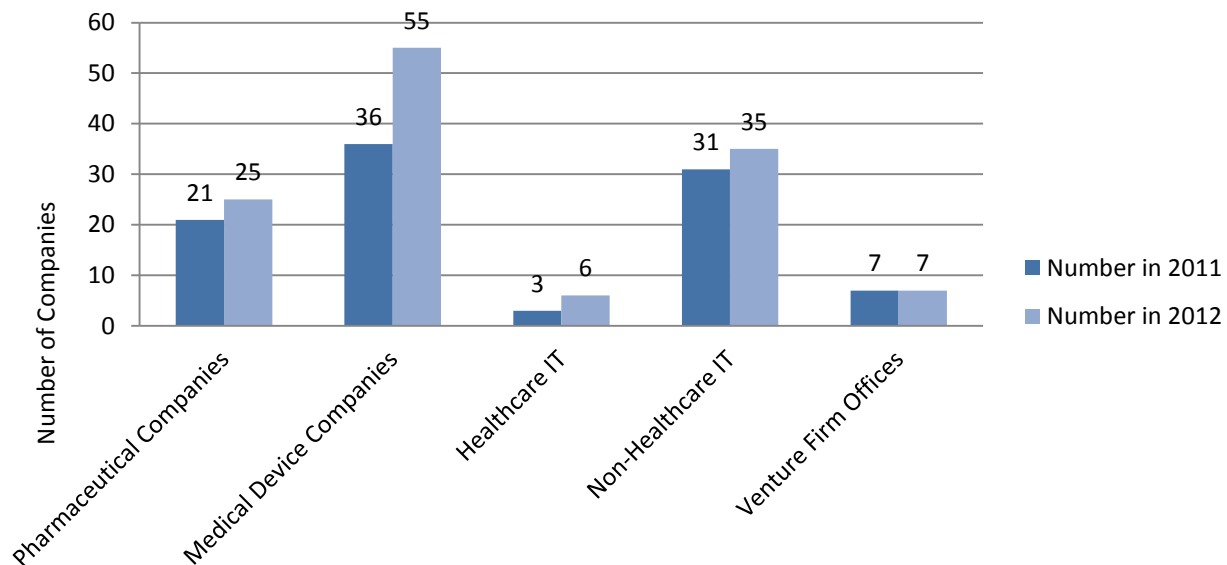
<sup>4</sup> <http://www.healthtechcorridor.com/>



## The HTC Today

As of November 2012, a number of businesses and organizations were located along the HTC, including 25 pharmaceutical companies, 55 medical device companies, 6 healthcare technology companies, 35 non-healthcare technology companies, 7 venture capital firms, as well as other businesses not related to the mission of HTC. The total number of companies increased by 31% between September 2011 and November 2012 with a significant increase in the number of medical device companies which grew significantly from 36 to 55 (53%). Also, 4 pharmaceutical, 3 healthcare, and 4 non-healthcare technology companies were added to the list of HTC businesses. Figure 3 shows the growth along the corridor from 2011 to 2012.

**Figure 3: Number of Companies in Specific Industries on the HTC in 2011 and 2012**



## The Investment of the City of Cleveland

The city of Cleveland has made major investments in the HTC since 2008 by rehabilitating buildings, starting up new construction, assisting tenants, initiating general beautification efforts, and conducting brownfield assessment and environmental remediation. Since 2008, the city was involved in 23 acres of brownfield assessment and 17 acres of brownfield remediation for 18 different sites. The city spent \$9.8 million on brownfield-related activities, which represented 71% of the total brownfield remediation costs. In 2012 alone, the city worked on two brownfield projects assessing 4.7 acres and cleaning 3.6 acres of land at a cost of \$244,147.

Three multi-tenant buildings have been renovated with three more underway. The completed buildings are 1938 Euclid Avenue, 7000 Euclid Avenue (MidTown Tech Park Building 2), and 5000 Euclid Avenue (The Agora). The projects under construction are 5701 Carnegie Avenue (Warner Swasey Building), 6555 Carnegie (MidTown Tech Park Building 3), and 7012 Euclid Avenue (Victory Building). The six buildings

will bring 532,748 square feet of space online with 101,019 already leased. These projects will retain 54 jobs and create 531 new jobs. The city invested over \$20 million in these projects, 31% of their total costs. In 2012, the city invested \$5.4 million in renovating multi-tenant buildings with a total investment in the corridor of over \$37 million.

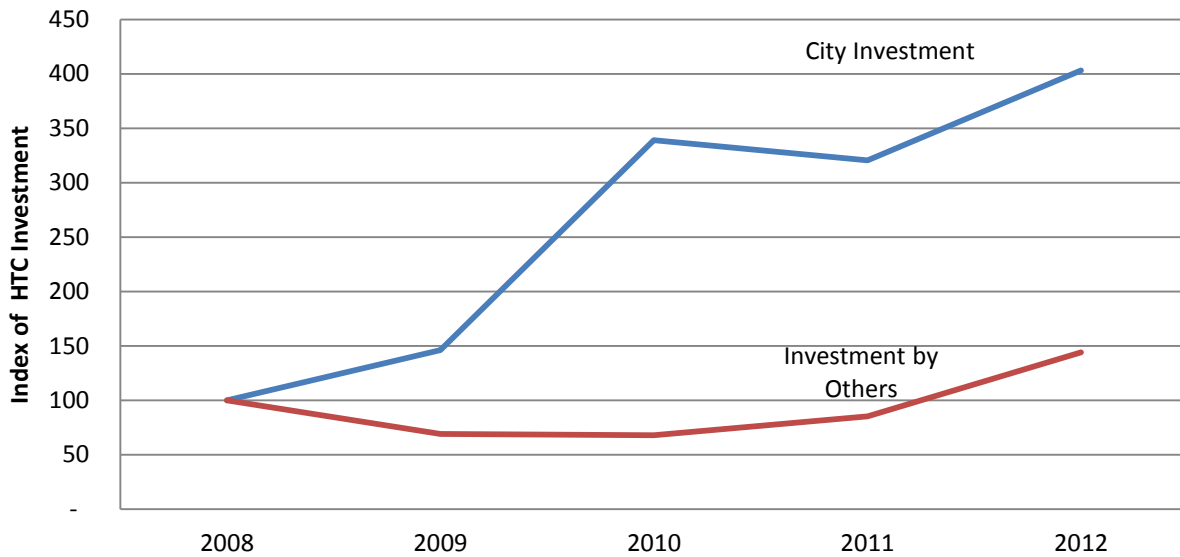
Supporting the creation of new businesses and expansions of existing businesses is critical to the city. The city invested \$3.4 million to support eight businesses, which helped retain 1,304 jobs and create 169 new jobs in 288,350 square feet on the HTC. These businesses include L'Albatross Restaurant, American Sugar, Tudor Arms Doubletree Hotel, Transaction Realty, and St. Vincent Charity Medical.

Additionally, the city financially supported four new tenants in multi-tenant buildings with \$722,540 worth of investment. These companies created 86 jobs and retained 28 jobs. The companies are Solar Systems Networking, Proxy Biomedical, Inc., Cleveland Heart Lab, and Chamberlain College of Nursing.

The city has financially supported seven new construction projects with \$42.9 million in investment. These projects are with the Cleveland Hearing & Speech Center, Z & M Triangle Partners (Uptown Mixed Use), Midtown Tech Park, the expansion of the Pierre's facility, Greenbridge Commons (Permanent Supportive Housing), Church Square Commons (Senior Housing), and the MidTown Police Station. Of the 443,798 total square feet created as a result of this investment, 94% of the new commercial space has been leased. These projects created 451 new jobs and retained 441 jobs in the city for a total of 892 jobs. In 2012, the city invested \$18.1 million in new construction along the HTC which helped leverage the total of \$26.9 million in new construction move forward.

The investment that the city of Cleveland has made over the past 5 years in the corridor totals over \$77.1 million. This helped leverage an additional \$132.1 million in investment in the corridor. Figure 4 below shows the growth in investment over time by the city and other sources. While there was a dip in city money spent in 2011, there was growth in all other years. In fact, in 2012, the city invested \$23.7 million in HTC development. Investments by others decreased between 2008 and 2010, but increased between 2010 and 2012.

**Figure 4: Investment in the Health Tech Corridor by the City of Cleveland and Other Sources, 2008-2012**



As a result of the city's work, BioEnterprise, MidTown, and the private developers, 1,935 full-time equivalent jobs are expected in the HTC. The majority of the jobs (1,407) come from new or expanding businesses. Renovated multi-tenant buildings accounted for 83 jobs, assistance to tenants in multi-tenant buildings accounted for 102 jobs, and new construction accounted for 343 jobs.

### Education, Incubation, & Growth in the HTC

The HTC is also home to three higher education institutions (Cleveland State University, Case Western Reserve University, and Cuyahoga Community College) and four clinical and research institutions (Cleveland Clinic, University Hospitals Case Medical Center, Louis Stokes Cleveland VA Medical Center, and St. Vincent Charity Medical Center) that contribute to the research, education, and workforce training needs of local companies. Moreover, Chamberlain College of Nursing, an Illinois-based for-profit educational institution, opened a new campus on the HTC and began their first cohort in January 2013. This is Chamberlain's 12<sup>th</sup> campus in the nation and the second in the state of Ohio. The college offers a 3-year bachelor's degree program in nursing and is equipped with labs and a simulation area, including mock intensive care and coronary units.

Another essential element of the HTC is its seven business incubator and accelerator centers, which house a portion of the aforementioned businesses. These incubators are tasked with providing business services to develop startup biomedical and high-tech companies. The incubators currently offer 447,000 square feet of space for businesses. Between September 2011 and November 2012, 105,000 square feet of office and research space has been added to the incubators (an increase of 31%). This increase in office and research space can be attributed to the MAGNET Incubator and the MidTown Innovation Center that enlarged their space by 61,000 square feet (254%) and 45,000 square feet (165%) respectively. The new MidTown Tech Park has provided a growth opportunity for thriving businesses and has attracted new businesses. An additional 53,000 square office space is being developed on the HTC.

As the city continues to invest in the HTC, several buildings have been rehabilitated or built. MidTown Tech Park is the first new multi-tenant building built in the HTC in over 20 years. It has over 128,000 square feet of space. In conjunction with MidTown Tech Park, 7000 Euclid is the second phase of the project. It has 49,000 square feet and is completely leased by the Ohio College of Podiatric Medicine, the Veterans Administration Dialysis Center, and the Veterans Administration Community Resource and Referral Center. The building at 6555 Carnegie is phase three of the project. It will add 66,000 square feet of space to the project as the city secured a \$500,000 Economic Development Administration Loan and a \$4,000,000 HUD 108 loan to help finance the building's renovations.

The Victory Building, with 165,000 square feet, received \$1 million from a Job Ready Site Grant for redevelopment coupled with \$720,000 from the city's Vacant Property Initiatives loan fund. The city is also exploring the possibility of providing additional financing such as HUD 108, New Market Tax Credits, and Living Cities funding into the deal.

The Agora Building has 56,000 square feet of space and pays homage to Cleveland's rock 'n roll roots. With \$180,000 in the form of a forgivable loan from the city, renovations are underway on this historic building. Tenants include Tackk (an online content creation company), Icon Technology Solutions (a provider of high-level architectural and design services), and MidTown Cleveland, Inc.

The Warner Swasey Building has 187,000 square feet and it is being renovated and repurposed. The city successfully issued a public improvement bid for abatement of asbestos containing materials throughout the building, which was completed in November of 2012. A geotechnical study is now underway to determine what additional work will be needed to stabilize the building. The city has a \$10 million HUD 108 loan and a \$3 million HUD Brownfields Economic Development Initiative (BEDI) grant for the continuation of the project.

The new 3rd District Police Station and Citywide Communications Center will be the first new police station in the city of Cleveland in over 30 years. A new, more visible presence for the police in MidTown will increase the perception of safety in the area, giving businesses and developers the confidence to continue investing here. The city started this project by hiring an architect, funding predevelopment activities, and securing community support. The city worked diligently to secure New Market Tax Credits for the project and form a creative financing package that included an HUD 108 loan, Living Cities' dollars, and a BEDI grant. In July, Cleveland City Council approved the designs and funding package for the new station. At that time, the Director of Finance decided that the city now had the bond capacity to fund the project and that financing the project in this manner would be preferable to earlier plans. As a result of a shift in financing plans, Living Cities' loans were not used in funding the new police station. The Department of Economic Development has since worked with capital projects to move the project to their department. The city plans to issue the bond in early 2013 and break ground in early spring.

The Stager-Beckwith Mansion, one of the last mansions remaining from Millionaire's Row on Euclid Avenue, is a priority project for the city. The city has laid out a vision for this property as an incubator for technology companies.

Aside from the aforementioned growth, several other development projects have been proposed or are in the construction process on the HTC. Case Western Reserve University has planned to break ground for a new medical school by 2016. The University's plan to further expand the class size has long been impeded by the lack of space for the hands-on training needed by today's medical students. The new

building will make it possible for the university to add 20 students per year above current levels. In addition, Cleveland State University has demolished two buildings in preparation for construction on the new Center for Innovation in Health Professions building. The new center, which is anticipated to open in 2015, will include the biological, geological, environmental sciences, chemistry and mathematics departments as well as the School of Health Sciences.

The city is also working to beautify the HTC. In conjunction with MidTown Cleveland, Inc., work has begun to improve the city-owned street corners. This joint effort will help to make the area more attractive to businesses, encouraging future economic development. The city is soliciting donations of plant materials, soil, and mulch, and is providing \$40,000 for maintenance.

The East 55<sup>th</sup> Street railroad bridge is a very visible gateway to the Health Tech Corridor. The city tracked down a contact at the railroad and has secured permission to paint the bridge. The city is working with MidTown on this project and is currently seeking funds for this purpose.

### Employment Trends

Overall, total employment in the HTC grew 22.1% between 2000 and 2011, reaching 59,598 in 2011. The bulk of employment growth in the HTC was driven by the *Health Care and Social Assistance* sector. Employment grew in each year except for 2004 which saw a decrease of 968 employees. From 2000 to 2011, after adjusting for inflation, total payroll in the HTC grew from \$2.4 billion in 2000 to \$3.4 billion in 2011. There was growth each year except for small dips in 2004, 2005, and 2008. Overall, the payroll grew 40%, and grew 11% between 2009 and 2011 alone. The average wage for employees in the HTC was \$56,932 in 2011, an increase of 14.9% since 2000 (\$7,365 increase over the period). The HTC housed 752 establishments in 2011, which was down 136 establishments since the year 2000. Given the general decline in establishments consistently across the study period, it is likely the gains in employment and payroll seen in the HTC between 2000 and 2011 resulted from the growth of existing firms.<sup>5</sup>

According to a report by Case Western Reserve University, the number of employees living and working in the HTC is quite small. They found that approximately 78% of HTC employees live outside the city of Cleveland and only 1% live and work within the HTC footprint.<sup>6</sup>

### Funding

Base funding for the HTC comes from BioEnterprise, which counts the HTC among its portfolio of initiatives. Additional funding is collected on a real estate project-by-project basis from a variety of public, philanthropic, and private organizations.

In 2012, the HTC received \$100,000 in funding from Living Cities. The total amount of funding was doubled since 2011. There were also changes in the amount of spending, although spending in some categories remained constant. There were no changes in the amount of money spent on salaries and fringe benefits (\$14,000), but there was \$8,000 of additional spending in the supply chain category in

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<sup>5</sup> For more detailed information, please see Cleveland State University's report "The Cleveland Health Tech Corridor: An Analysis of Economic Trends, 2000-2011," April 2012.

<sup>6</sup> For more information, please see the report prepared by Center on Urban Poverty and Community Development at Case Western Reserve University "Planning Data for University Circle: Employment Metrics," September 2012.

2012 compared to zero spending on this category in 2011. Changes were also observed under marketing categories. The amount spent on conferences and meetings (\$4,000) remained unchanged, and the amount spent on materials declined by \$1,000 from \$13,000 in 2011 to \$12,000 in 2012. There was a significant change in the amount spent on regional corridor branding in 2012. While \$19,000 was spent on branding in 2011, this number increased to \$26,000 in 2012.

## Successes

Aside from the new buildings that came online and those still under construction in the HTC, there are other successes. James Haviland, executive director of MidTown, was quoted in Crain's Cleveland Business as saying "Is it worth it? Yes. Real estate values have doubled, and we've seen average lease rates rise from \$10 or \$11 a square foot to \$12.50 a square foot."<sup>7</sup>

Based on an analysis of the HTC property values, the property value of the sites in which the city invested decreased 58% from 2001-2006, but then increased 325% from 2006-2012, for a total increase of 81% from 2001-2012 (Table 4). The property values of these sites increased from \$51,057,200 to \$92,454,300 over the study period. For the remainder of the HTC, total property values increased by 25% from 2001-2006 and increased again between 2006 and 2012 by 44%, for a total increase of 80% from 2001-2012. The property values of these sites increased from \$2.4 billion to \$4.3 billion over the study period. The large increase in property values during the 2006-2012 time period, which includes the great recession and falling property values, is a testimony to the success of the increased investments in the HTC by the City of Cleveland and others.

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<sup>7</sup><http://www.crainscleveland.com/article/20121029/EUCLIDARTICLES/310299985/1262/EUCLIDArticles%E2%80%9C%20target=>.

Table 4: Property Value Change of HTC Projects with City Investment, 2001, 2006, &amp; 2012

Project	2001 Value	2006 Value	2012 Value	% Change 01-06	% Change 06-12	% Change 01-12
6555 Carnegie	\$334,100	\$331,000	\$546,300	-1%	65%	64%
7000 Euclid	\$163,600	\$321,300	\$822,200	96%	156%	403%
American Sugar	\$1,723,400	\$1,913,400	\$2,036,300	11%	6%	18%
Bellflower Investments	\$185,100	\$204,400	\$252,700	10%	24%	37%
Church Square Common	\$163,800	\$147,900	\$1,558,700	-10%	954%	852%
Cleveland Hearing & Speech	\$53,300	\$57,200	\$5,879,800	7%	10179%	10932%
Collegetown Blue LP	\$196,400	\$400,000	\$1,024,100	104%	156%	421%
Greenbridge Commons	\$214,300	\$232,100	\$4,075,600	8%	1656%	1802%
Heather B Moore	\$150,500	\$224,600	\$688,400	49%	207%	357%
MidTown Police Station	\$640,700	\$0	\$629,900	-100%	0%	-2%
Midtown Tech Park	\$887,900	\$896,100	\$9,801,000	1%	994%	1004%
Moskey Dental	\$206,700	\$210,000	\$189,400	2%	-10%	-8%
Pierre's	\$69,900	\$87,600	\$5,053,400	25%	5669%	7129%
St. Vincent Charity	\$35,830,500	\$10,000,000	\$30,602,600	-72%	206%	-15%
The Agora	\$43,900	\$49,900	\$1,112,600	14%	2130%	2434%
Transaction Realty	\$251,600	\$271,500	\$279,400	8%	3%	11%
Tudor Arms Doubletree	\$5,250,500	\$500,000	\$5,446,000	-90%	989%	4%
Victory Building 5	\$754,200	\$1,648,800	\$2,568,200	119%	56%	241%
Warner Swasey	\$3,300,000	\$3,200,000	\$2,600,000	-3%	-19%	-21%
Z & M Triangle Partners	\$636,800	\$1,043,000	\$17,287,700	64%	1557%	2615%
<b>Total for all Target Area</b>	<b>\$51,057,200</b>	<b>\$21,738,800</b>	<b>\$92,454,300</b>	<b>-57%</b>	<b>325%</b>	<b>81%</b>
<b>Total for Rest of Area</b>	<b>\$2,330,305,200</b>	<b>\$2,919,415,400</b>	<b>\$4,201,470,200</b>	<b>25%</b>	<b>44%</b>	<b>80%</b>

According to both BioEnterprise and the city of Cleveland, the HTC allows the anchors, developers, government, and others to have a common language in marketing the corridor. According to Tracey Nichols, Director of Economic Development for the City, Living Cities has raised the regional profile of the HTC. It is now viewed as *the* place to do health and bioscience work in the region. This enables the mayor of Cleveland to target city funds to support development in the HTC. She also noted that, if not for the TII funding raising its profile, the HTC project would have moved at a much slower pace.

The corridor has undergone a dramatic transformation: vacant buildings have been demolished, valuable buildings rehabilitated, and new buildings constructed. MidTown has also worked with the city on zoning changes, promoting pedestrian and bike traffic, requiring buildings to be at least three-stories high to create density, and requiring parking to be in the rear of buildings. The HTC is starting to see the second wave of investment.

## The Future

With a strong grasp on the marketing of the corridor and a solid start to filling the area with technology, bioscience, and healthcare companies, the outlook is positive for the Health Tech Corridor. MidTown Cleveland hopes that year three of the initiative will see an out of state blitz in terms of marketing the area. The ultimate goal for the HTC is to fill up the corridor with industry, which would be a large change in commercial real estate, since many sites have been vacant for decades in this section of the city.

The wide range of activities and development projects that are ongoing ensure a vibrant future for the HTC. Although blighted areas remain and there is an urgent need for development, the high growth potential of the HTC has attracted developers. Some of the projects that were blocked due to the recent economic downturn or some land-use restrictions have started to pick up thanks to the low interest rates, other financing opportunities, and relaxed requirements.

Quality housing plays a dominant role in the future of the HTC . As the economy has started to show signs of recovery, some stalled housing projects are being revived. One example is the Finch Group's upper Chester project that calls for 295 apartments, a grocery store, and senior housing in the Hough neighborhood. It is expected that the HTC will experience more positive changes in image, marketability and physical conditions that will bring more high-density housing to the area.



## HIRE LOCAL

### ANCHOR HIRING

One of the primary goals of TII is to increase hiring from within the GUCI neighborhoods. Currently, 62,553 people are employed by the three anchor institutions which make them, collectively, a large employer in Northeast Ohio (Table 5). Overall, the three anchors have 4,195 employees that live in GUCI and 18,082 employees who live in the City of Cleveland.

Case Western Reserve University employs 5,383 people. Of that number, 78% (4,192) live in Cuyahoga County and 19% (1,042) live in Cleveland. Over 10% (546) live in GUCI neighborhoods.

The Cleveland Clinic employs 40,783 people throughout its system. Of these, 25,966 (64%) live in Cuyahoga County and 14,529 (36%) live in Cleveland. Over 7% (2,905) live in GUCI neighborhoods.

University Hospitals employs 16,387 people throughout the hospital system. Of these, 62% (10,174) live in Cuyahoga County and 15% (2,511) live in the city. Seven hundred and forty four employees (5%) live in GUCI neighborhoods.

**Table 5: Anchor Institution Employment Data, 2012<sup>8</sup>**

	Case Western Reserve University		Cleveland Clinic		University Hospitals	
	System Wide (Total)	% of Total	System Wide (Total)	% of Total	System Wide (Total)	% of Total
Total Employees	5,383	100.00%	40,783	100.00%	16,387	100.00%
Residing in Cuyahoga County	4,192	77.87%	25,966	63.67%	10,174	62.09%
Residing in City of Cleveland	1,042	19.36%	14,529	35.63%	2,511	15.32%
Residing in GUC neighborhoods	546	10.14%	2,905	7.12%	744	4.54%

Additionally, the city of Cleveland recently adopted a community benefits policy aimed at meeting the demands of the construction industry by employing a local workforce and executed a Memorandum of Understanding with workforce training partners. The policy sets a goal of 20% local hires as well as goals for minority skilled workers for future construction projects throughout NEO.

<sup>8</sup> In some services at the anchors, the supplier is a national company which is located outside Ohio, but local labor is employed to provide the direct services. Examples include food services, security, and parking. The employment created by these companies is excluded from the estimates of "hire local."

## NEWBRIDGE CLEVELAND CENTER FOR ARTS & TECHNOLOGY

### Program Description

NewBridge Cleveland Center for Arts & Technology, located on the HealthTech Corridor, exposes youth to the digital arts with after school programs and trains underemployed and unemployed adults for careers in the healthcare sector. The curriculum is based on the successful Manchester Bidwell program in Pittsburgh.<sup>9</sup>

Two career training paths are offered for adults: pharmacy and phlebotomy technicians. These were both selected by the local anchor hospitals who were heavily involved in the curriculum design. The coursework was co-designed with the hospitals to ensure that the students are fully prepared for the workplace. Aside from the coursework, the programs also include internships at the health care institutions.<sup>10</sup>

Both career paths are capable of producing living-wage employment with benefits in high-demand occupations. It is the hope of program creators and funders that after graduation from the program, trainees will be hired by the anchor institutions and other organizations.

### Funding

Classes at NewBridge are offered at no cost to students. This arrangement is made possible through funding from multiple sources including University Hospitals Health System, the Cleveland Foundation, KeyBank, the Kelvin & Eleanor Smith Foundation, the Lennon Trust, GUC anchor partners, and others. The Cleveland Foundation was also responsible for contributing 100% of the seed capital for NewBridge (\$3 million).

### Base Year and Beyond

The training and employment results of the program from January 2011 through July 2012 are outlined in Figure 5. A total of 819 adults applied to the training programs, 50% (411 people) followed through and took the Test of Adult Basic Education (TABE) test, which is one of the main requirements to be admitted to the program. Of this group, 85 passed the TABE test and 63 enrolled in training programs. . Another 18 people enrolled in the training after taking refresher classes and passing TABE in their second or third attempt.

Figure 6 shows the two training paths, phlebotomy and pharmacy technician. Forty-seven students enrolled in two different semesters of the phlebotomy program. Of that, 21 graduated, 16 were offered jobs, and 14 accepted the jobs. One graduate has elected to pursue higher education. Of the one class of 34 pharmacy technicians, 15 graduated, 5 were offered jobs, and 4 accepted the offer.

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<sup>9</sup> Manchester Bidwell Corporation, <http://www.manchesterbidwell.org/>.

<sup>10</sup> <http://www.newbridgecleveland.org/history/>

Figure 5: New Bridge Process , January 2011 – July 2012

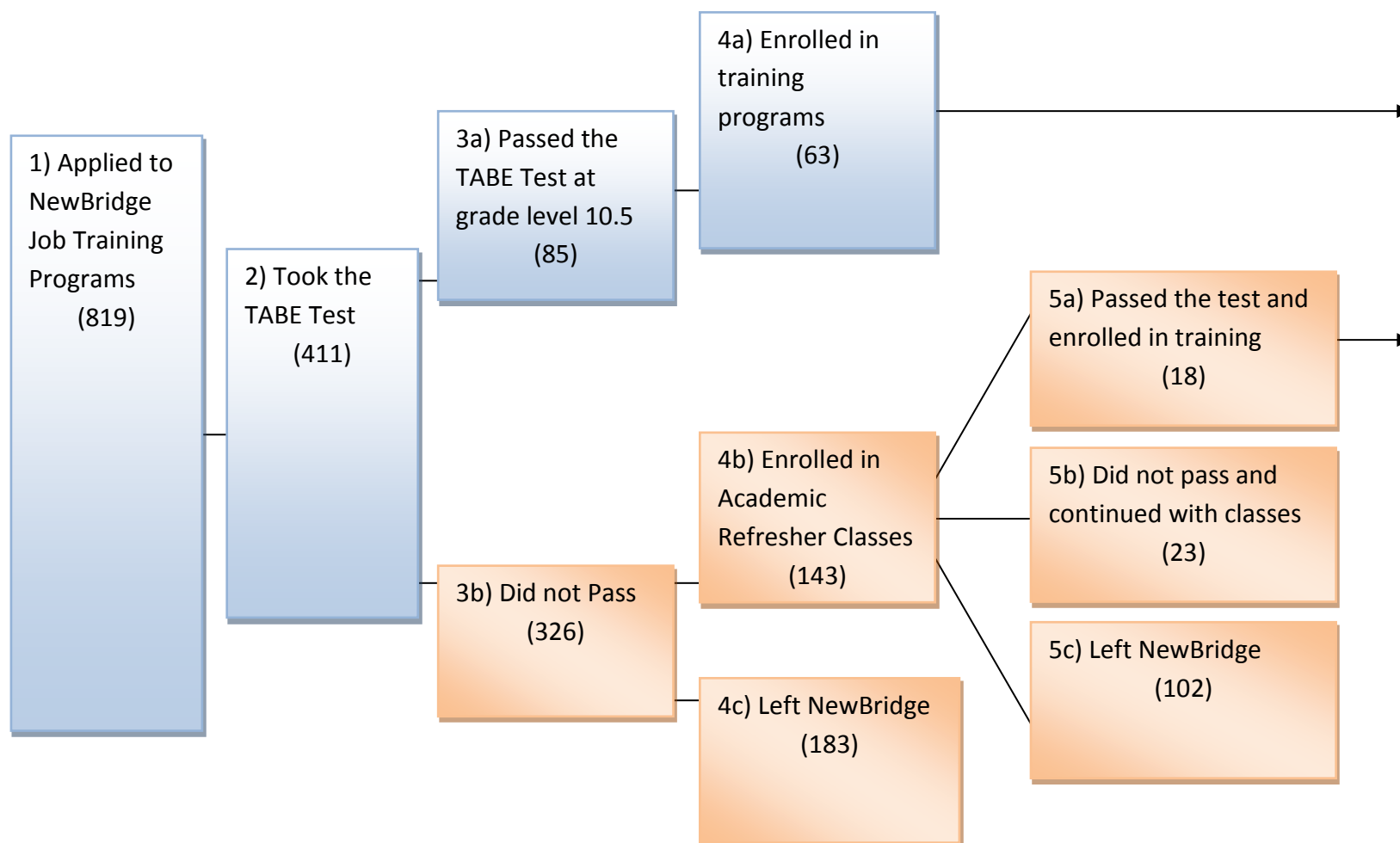
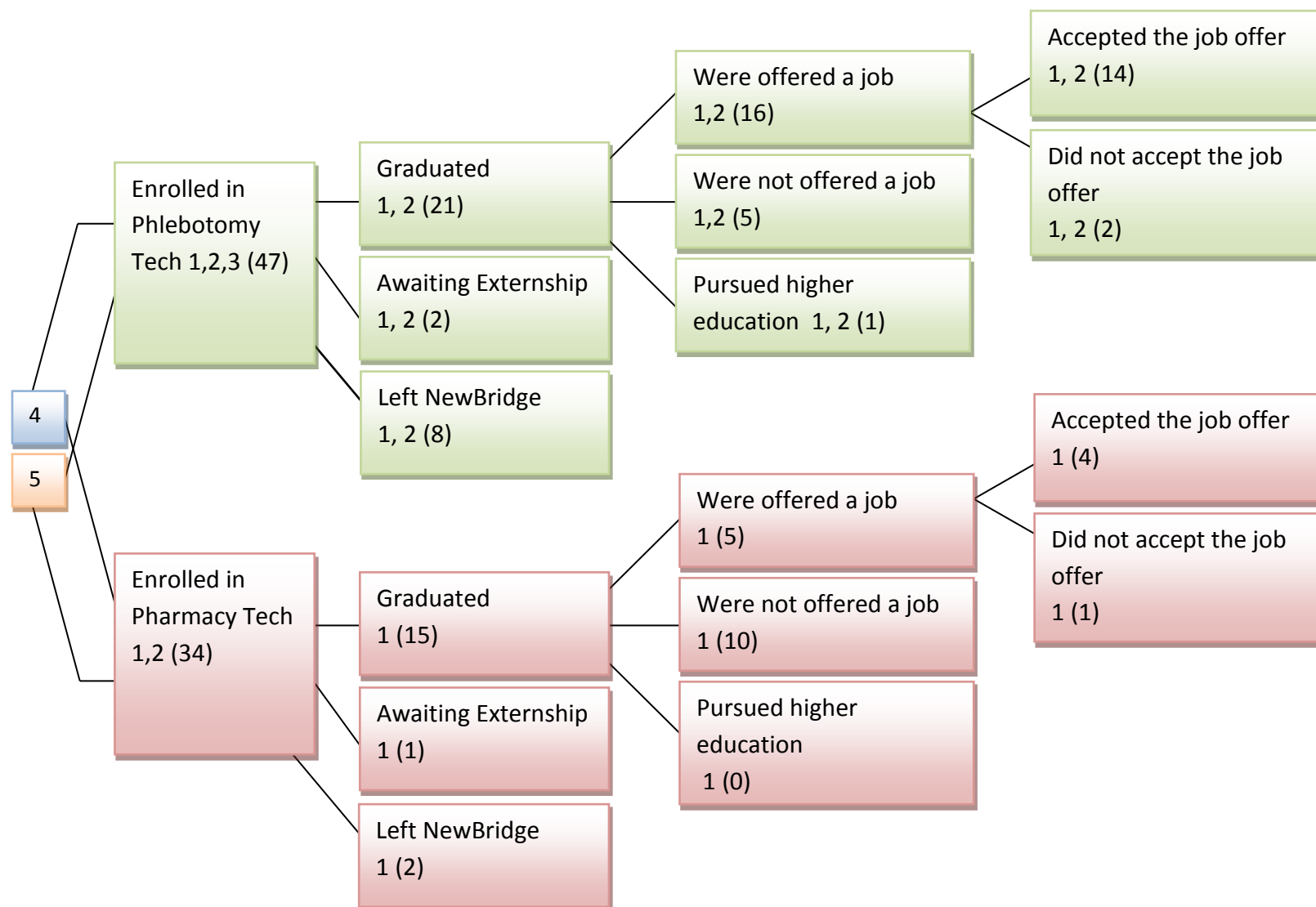


Figure 6: New Bridge Results , January 2011 – July 2012



## LIVE LOCAL & CONNECT RESIDENTS

### COMMUNITY ENGAGEMENT

#### Program Description

Neighborhood Connections (NC) and Neighborhood Voice (NV) are the primary communication and engagement tools of the TII to foster resident engagement and communication in an effort to strengthen the resiliency of residents of Greater University Circle. Through a variety of methods, NC connects residents from different neighborhoods and backgrounds with each other and with anchors; NC is based on the idea that strengthening human capital in the GUCI neighborhoods through an active and engaged community is an essential component of building wealth and sustaining it over time.

#### Neighborhood Connections

Neighborhood Connections (NC) is a small grant program that was established by the Cleveland Foundation in 2003 to empower Cleveland residents city-wide and to encourage them to become more engaged with each other and with the city around them. Prior to partnering with the TII in 2011, the primary roles of NC were to administer a small grants program and to support resident-driven projects to improve neighborhoods. Although the organization continues its small grants work throughout the city (including in the GUCI neighborhoods), this role expanded significantly in 2011 and 2012, when TII funded NC to empower residents and engage the community in all of the GUC neighborhoods. NC also works with the TII partners to bridge the long-standing divide between the GUC neighborhood residents and organizations and the anchor institutions.

NC provides various opportunities for residents to become involved and stay involved, to connect with one another and with the process, to become more connected with opportunities for and pathways to a stronger economic future. In 2012 a decision was made to balance the broad-based approach of working across all of the GUCI neighborhoods with a more in-depth focus on outreach to people who have not participated in community activities in the past, particularly the residents of East Cleveland and Glenville. Through a process of “build, measure, learn” the following community engagement vehicles (on-ramps) have been used and their effectiveness measured through surveys or focus groups.

Neighborhood Connections held a community aspiration kick-off party in March 2012 and sponsored Neighbor Circles, Innovation Teams, and Network Nights. In 2012 they held six nontraditional Neighbor Circles and four home-based neighbor circles.

In March 2012, over 300 residents and representatives from anchor institutions and community-based organizations came together to learn how they could become more involved in their neighborhood through NC. The event was used to gauge resident input on identifying assets, aspirations, and ideas for developing trust and building power across boundaries. Of the people who completed a brief survey form, 40% had lived in the area for at least 6 years. All of the respondents indicated that knowing neighbors was very important and that knowing their neighbors better was a personal priority. Not surprisingly, longer-term residents reported higher levels of participation in neighborhood activities and were also more likely to know their neighbors. Overall, respondents were generally in agreement that

efforts to strengthen linkages within the GUCI area would be positive. The main policy concerns of residents involved creating peace, fostering a stronger local economy, and improving education. This information was used to inform the community engagement work.

Neighbor Circles activities are generally hosted in a resident's home and are facilitated by a trained resident facilitator. These meetings/events bring people together to discuss important issues involving their neighborhoods and allow residents to become acquainted with one another to create or reinforce a sense of community. Ten Neighbor Circles get-togethers were held in 2012, six of which were nontraditional Neighbor Circles events that intentionally brought together groups who would not otherwise interact. For example, three Neighbor Circles groups/events paired high school students from Hawken School, an elite private school with a small satellite campus in University Circle, with residents from Glenville, Fairfax, and East Cleveland. Another such circle brought together undergraduate students from CWRU with students from East Cleveland's Shaw High School.

The Innovation Team groups bring together a diverse group of people including residents, anchor representatives, and community activists to work over a period of time to engage residents with their communities and inspire positive change. The first Innovation Team met over spring/summer 2012. Participants identified programs to engage residents across various neighborhoods.

In November 2012, NC held its first monthly network night to identify and discuss community issues, facilitate ongoing mutual support, and spark collective action. Issues are discussed in small groups and successful strategies for dealing with issues are highlighted. These will continue through 2013. Neighbor Nights are held at the Commodore, the building that houses NC's office in University Circle. The Commodore is a subsidized housing facility and the Neighbor Nights are designed to connect residents with others in the community.

In May 2012, 40 NC grants were approved for projects in GUCI totaling \$136,121. Grants funded community gardens, public art, community health, education, athletics, and more. The Central Promise Neighborhood Connections Grant Making committee approved nearly \$18,000 in funding to nine neighborhood groups in Central, all of which work with youth and children. In August 2012, a second round of NC grants included 25 for GUCI projects for a total of \$90,953.

One of NC's biggest accomplishments related to anchor/community engagement in 2012 was the role it played with UH in identifying community partners for the Rainbow Care Connection Health Hubs, a large federal grant received by UH to make primary pediatric care more accessible to the community and to divert non-emergency pediatric patients from emergency rooms. NC convened a meeting in which the UH physician-in-charge explained the project to nine community groups and solicited proposals from those who were interested in housing the hubs.

NC has also been involved in helping to increase employment opportunities at the anchor institutions for neighborhood residents. For example, the Cleveland Clinic helped neighborhood residents in planning a new jobs pipeline for entry level employment with the anchors. This will help to make the application process more accessible for residents. Another example is NC's work with UH to help them understand barriers to residents getting jobs at the anchors. Instead of focusing on the application process, NC encourage UH to think about an "ambassador" program that would use residents who are already employees as ambassadors to help their neighbors understand what it takes to get and keep a job with the anchors.

Neighborhood Connections is actively working on the model of “build, measure, learn.” Neighborhood Connections is very interested in understanding what works and how; they want to zero in on the strategies that yield the greatest benefit to the community. To that end, the evaluation team has been working with them to conduct focus groups and to analyze follow-up survey data from all of their events and develop a system for tracking resident involvement. They have also engaged the services of Bill Traynor and Frankie Blackburn of Trusted Space, an effort to support grassroots action to connect people across lines of difference for mutual support, empowerment, and quality of life.

### Neighborhood Voice

One of Neighborhood Connections’ most powerful tools with which to engage residents is the *Neighborhood Voice*, a community newspaper and outreach mechanism serving University Circle and the surrounding communities of Buckeye-Shaker, Central, Fairfax, Glenville, Hough, Little Italy, and East Cleveland. A grant from Living Cities of \$50,000 helps to pay for the editor/publisher and helps to underwrite the cost of the paper.

*Neighborhood Voice* began publishing in September of 2010 with the intent of informing and inspiring the residents, organizations, and businesses of Greater University Circle by providing a forum for the exchange of information and ideas. In July of 2011, Neighborhood Connections started to administer the publication under the direction of a new editor, Lila Mills. Since 2011, the editor has been working to streamline the publishing process, reduce publishing costs, increase advertising revenue, and better manage the distribution of the newspaper. This has resulted in cutting the number of papers printed per issue by one third, while making them available in more locations (from 80 in 2011 to 317 in 2012), as well as building a web presence. NV also hopes to become even more directly connected with residents and institutional readers through the launch of a “responsive web design (RWD)” website that can be viewed using a mobile phone as well as a computer. This is being developed through a \$32,000 grant from Knight Foundation and \$30,000 in funding from the TII.

Because the *Neighborhood Voice* is such an important part of the overall communication and engagement strategy for TII and GUCI, the evaluation team conducted a content analysis to better understand the content and tone of the articles, and to determine who is writing for NV. The team analyzed 22 issues and 580 articles published from September 2010 to October 2012 (excluding the October 2010 and January 2011 issues). Over this time period, NV had 12 staff writers (people who were paid at some point to write for the paper). It also had 198 contributing, unpaid writers including “citizen journalists,” residents, employees or affiliates of the anchor institutions, and others.

NV strives to provide opportunities for local writers and journalists to cultivate their editorial and entrepreneurial skills. Various advertisements were placed in the paper to encourage readers to submit articles and comments. Table 6 illustrates that that NV is giving voice to residents and stakeholders in the GUCI neighborhoods. Of the 210 total writers, 31% were residents of one of the GUCI neighborhoods. Together these writers authored 580 articles; 200 (34%) were written by GUCI residents. A total of 22 (including 3 residents) worked for an affiliated anchor institution and 8 of those had a regular column. However, 56% of writers are not residents or affiliated with local anchor institutions.

**Table 6: Percent of Total Neighborhood Voice Writers by Category**

Percent of Total Writers by Category	Resident		Non-resident	
	Number	Percent	Number	Percent
<b>Staff</b>	5	2.4%	7	3.3%
<b>Anchor Affiliate</b>	3	1.4%	19	9.0%
Regular Column	1	0.5%	7	3.3%
4+ Articles	0	0.0%	1	0.5%
Other	2	1.0%	11	5.2%
<b>No Anchor Affiliation</b>	57	27.1%	119	56.7%
Regular Column	3	1.4%	0	0.0%
4+ Articles	2	1.0%	10	4.8%
Other	52	24.8%	109	51.9%
<b>Total</b>	65	31.0%	145	69.0%

An analysis of how the articles portray the anchor institutions and their role in the community offers insights into the effectiveness of the anchor institutions' efforts to engage residents. Just over 25% of all articles written during the time-period studied mention anchor institutions and just under 20% of articles written by contributing writers mention anchors. The anchors are a consistent theme. Anchor institutions are generally written about in a positive light: 58.8% of the articles mention anchors in a positive way, 35% are neutral. About 6% of the articles were negative. The majority of negative articles were about the Cleveland Clinic's decision to close East Cleveland's Huron Hospital. Additionally, at least one quarter of the articles about the broad themes that are essential to the TII (local workforce, local purchasing, community engagement, health, and education) mention at least one anchor institution, reinforcing the connection between residents and anchors. Not surprisingly, a majority of health-related articles mention anchor institutions, attesting to the prominence of University Hospitals and Cleveland Clinic in the area.

Part of NV's task was to raise awareness and create an identity for GUCI and TII. This was done primarily through glossy inserts. The January 2012 insert, "Connecting the Circle," included information about career opportunities through Evergreen and NewBridge, community project sand opportunities to get involved. The insert also included a list of GUCI partners. The June 2012 insert was a summer calendar of events in the GUCI neighborhoods and University Circle institutions. The September 2012 insert had information on the re-launch of Greater Circle Living, home purchasing resources, small business loans, and opportunities for community involvement.

In an effort to understand how the affiliation with Neighborhood Connections may have changed the content of the paper, we analyzed the content of articles, advertisements, and announcements in the *Neighborhood Voice* over three time periods (Pre- affiliation with Neighborhood Connections, post-affiliation Year 1, and post-affiliation Year 2) (Figure 7). We found:

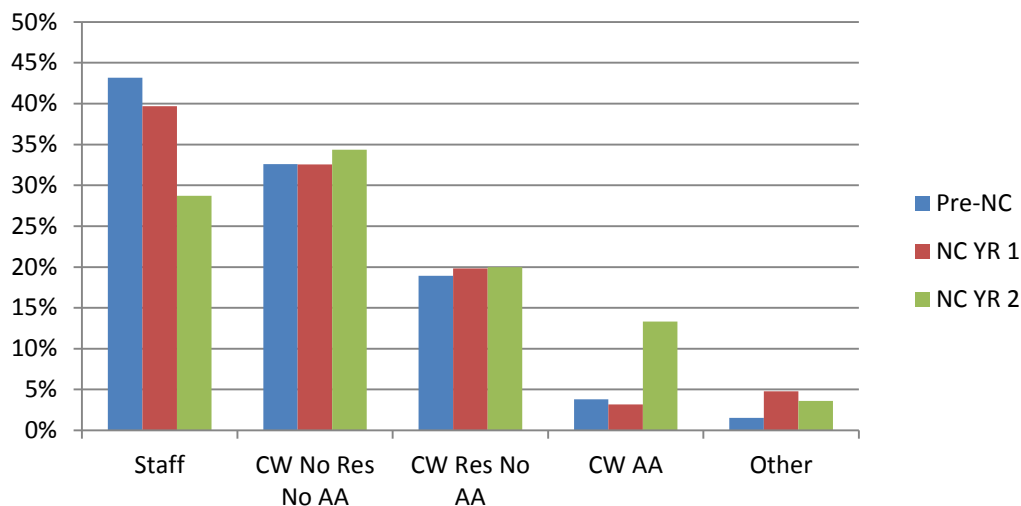
1. The percentage of articles written by staff declined, while the percentage of articles written by anchor-affiliated contributing writers increased between the pre-NC period and Year 2.
2. Year 2 saw many anchor-affiliated contributing writers with regular columns or who were frequent contributors. Regular columns started in Year 2 include "Ask Your Local Doctor," written by Cleveland Clinic and UH physicians, an education column written by a CWRU PhD



candidate, “Put Your Doctor out of Business” written by a Cleveland Clinic doctor, and a regular “Save the Date” announcement placed by CWRU.

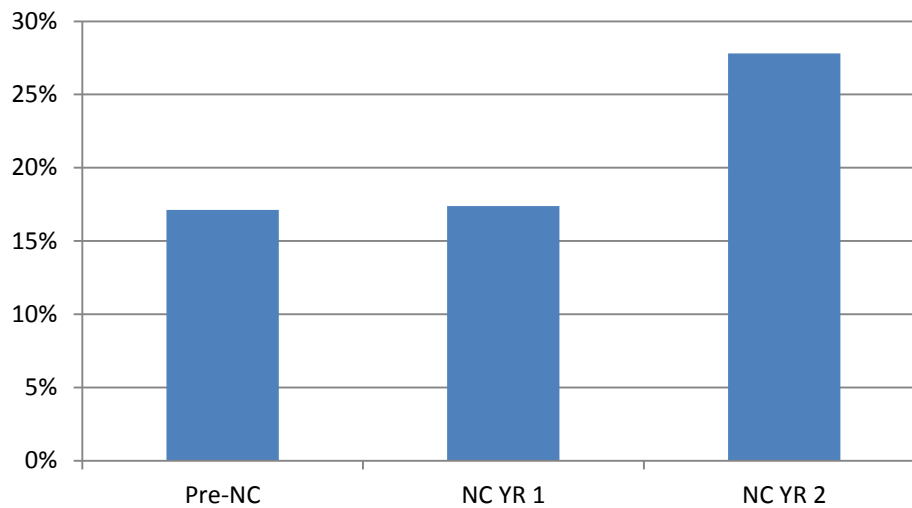
3. The overall percentage of units (articles, advertisements, and announcements) submitted by anchor affiliates have almost doubled from 8% pre-NC to 13% in Year 2.
4. The percent of units about some aspect of community engagement jumped in Year 2. Much of this can be attributed to Case Western Reserve’s advertisements of public events, University Hospital’s job and resource fair and similar announcements. In all, the percentage of units about community engagement increased from 17.12% before Neighborhood Connections to 27.81% in Year 2. About one third of the Year 2 units also mentioned anchors, which may indicate a stronger attempt by anchors to attract residents to events or an intentional push by Neighborhood Connections to reach the anchors as both contributing writers and readers.

**Figure 7: Percentage of Articles by Author Type**

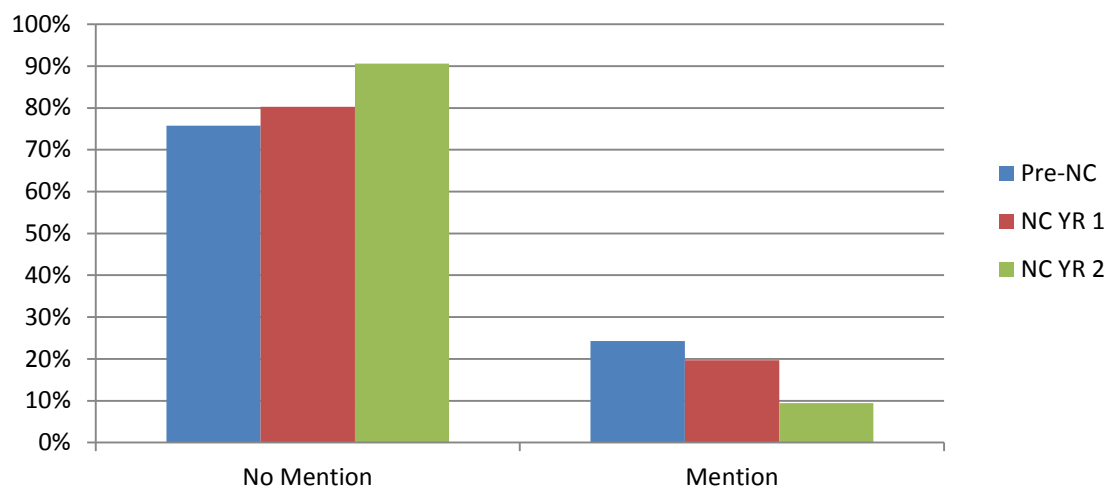


CW= Contributing Writer, Res= Confirmed Residence, AA= Anchor Affiliation

As Figure 8 illustrates, the percentage of all articles that include a community-related topic jumped from 17.12% before Neighborhood Connections to 27.81% in Year 2. This includes announcements of community events sponsored by the anchors and reflects an increase in anchor usage of NV to communicate with residents.

**Figure 8: Percentage of Articles Mentioning Community Engagement**

Year 2 saw an increase in the number of guest columns written by an anchor-affiliated author as well as an increase in announcements placed by anchors (not paid advertisements). This change contributed to the slight increase in the percentage of articles mentioning anchors from 22.73% before NC to 26.6% in Year 2. However, during the same time period contributing writers with no anchor affiliation wrote fewer articles mentioning anchors resulting in a percentage decline (Figure 9). By Year 2, 90.57% of the articles written by contributing writers did not mention any of the anchor institutions.

**Figure 9: Percentage of Contributing Writers that were not Affiliated with Anchors that Mentioned Anchors**



## Funding

The program is a partnership between the city of Cleveland, the Buckeye Area Development Corporation, the city of East Cleveland, Community Housing Solutions, the Consortium for Economic and Community Development (Hough), the Famicos Foundation, the Little Italy Redevelopment Corporation, Living in Cleveland Center, and Neighborhood Progress Inc. By their support, all of the partners are invested in encouraging their employees to live in GUCI.

Funding partners include Case Western Reserve University, the Cleveland Clinic, the Cleveland Foundation, the Cleveland Museum of Art, Judson at University Circle, the Kent H. Smith Charitable Trust, the Surdna Foundation, and University Hospitals. The program is administered by the Fairfax Renaissance Development Corporation, with marketing assistance from University Circle Incorporated.<sup>13</sup> Thus far, the funding for the program that Fairfax has received totals over \$2.2 million (Table 7). The total committed to the project over five years is \$4 million.

**Table 7: Greater Circle Living Funding by Institution<sup>14</sup>**

Greater Circle Living Funders	Funding Amount
Case Western Reserve University	\$200,000
Cleveland Clinic Foundation	\$181,633
University Hospitals	\$300,000
Cleveland Foundation	\$1,000,000
Cleveland Museum of Art	\$41,633
Judson at University Circle	\$20,000
Kent H. Smith Foundation	\$200,000
Surdna Foundation	\$300,000
<b>Total</b>	<b>\$2,243,266</b>

## Programmatic Changes

Despite considerable financial resources, the program has not been operating at capacity for a number of reasons including a lack of consistent program- eligibility requirements across the participating institutional partners, a mismatch between housing supply and demand, and low levels of subsidy, and launching the program as the Great Recession occurred. The program was put on hold in mid-2011 and The Cleveland Foundation, Living Cities, and Fairfax Renaissance Development Corporation staff worked closely with the institutional partners to revamp the program. The program was re-launched in 2012 with fewer restrictions on eligibility and increased subsidies. Also, the GCL program now allows FHA borrowers to use the financial assistance from the program for upgrades and improvements, rather than a down payment. Finally, changes were made to reduce length of service eligibility requirements, enabling more employees to qualify when they are looking for housing.<sup>15</sup>

<sup>13</sup> <http://www.fairfaxrenaissance.org/gcl/index.html>

<sup>14</sup> Since program inception

<sup>15</sup> University Hospitals reduced the period of employment necessary for eligibility from 3 years to 90 days. Judson at University Circle opened eligibility for the program from registered nurses only to all employees.

Greater Circle Living now offers a \$10,000 forgivable loan for down payment or closing costs on the purchase of owner-occupied homes by full-time employees of nonprofit institutions within the designated area. With increased support from the four anchor institutions, their employees can receive up to \$30,000 in loans (\$25,000 for employees of Cleveland Museum of Art). Loans are forgiven after 5 years of occupancy if the employee works for a participating Greater University Circle nonprofit institution. Employees of participating anchor institutions may be eligible for up to \$8,000 in matching funds for exterior renovations, or one month's rental payment of up to \$1,400. Both programs are open to eligible employees at the anchors.

Under the revised guidelines, newly hired full-time employees of the four participating anchor institutions are eligible to apply for the program. The Cleveland Clinic and the Cleveland Museum of Art require 2-year tenure for part-time staff, while Case Western Reserve University and University Hospitals have opened up the program for all new hires, full and part time. Employees of Judson are still bound by the previous restrictions and can purchase homes with \$5,000 from Judson Retirement Community and \$10,000 from the Cleveland Foundation only (no repair or rental assistance is available). Employees at more than 100 nonprofit institutions in Greater University Circle are eligible for the forgivable loan program with funds only from the Cleveland Foundation.

Since the re-launch, there has been increased interest in the program. The prospect of receiving \$30,000 for a home purchase in GUCI has been an incentive for employees to choose to live in the neighborhoods instead of the suburbs. Five employees have purchased homes since the re-launch, 19 have utilized the rental assistance, and three have used the exterior repair program.

Since the program's inception, 105 loans have been originated (Table 8). Thirty-nine loans have been made for the purchase or improvement of a new home. Of those, 15 represent relocations from within the area, 6 from outside the area but from within Cleveland, 15 from outside Cleveland but within Northeast Ohio, and three from outside Northeast Ohio. Fifty-one rental subsidies have been awarded; 7 for people relocating from within the area, 12 to people relocating from outside the area but within Cleveland, 18 from outside the city but within Northeast Ohio, and 14 from outside Northeast Ohio. A total of 15 loans have been made for external home repairs and renovations for employees already living in GUCI.

**Table 8: Number That Received GCL Financial Assistance by Former Area of Residence, Program Inception-August 2012**

Type of Financial Assistance	# That Received Assistance	# Relocated from Within GUC	# Relocated from Outside GUC but Within City	# Relocated from Outside City but Within NEO	# Relocated from Outside NEO
Funds to Purchase or Improve a New Home	39	15	6	15	3
Funds for External Home Repairs & Renovations	15	NA	NA	NA	NA
Subsidies for Rental Assistance	51	7	12	18	14

One remaining, major barrier to participation in the program is personal credit issues. As all purchase loans have to be conventional, many interested employees do not have a credit score that is high enough to qualify. Fairfax Renaissance works with employees on improving their credit and eligibility.

## APPENDICES

**Appendix Table 1: List of Interviewees**

Name	Organization	Date
Aparna Bole	University Hospitals	1/23/2012
Cliff Wood	Ohio Cooperative Solar	2/13/2012
Danielle Price	Neighborhood Connections	2/25/2012
Tom O'Brien	Neighborhood Connections	2/25/2012
Shilpa Kedar	Cleveland Foundation	2/27/2012
Aram Nerpouni	BioEnterprise	2/27/2012
Jill Rizika	Towards Employment	2/27/2012
Bob Sorin	Evergreen Cooperative Laundry	3/1/2012
Jennifer Ruggles	Case Western Reserve University	3/5/2012
Laura Clark	Cuyahoga County Dept of Development	3/19/2012
Mary Donnell	Green City Growers	5/4/2012
Ron Jones	Evergreen Cooperatives, Management	5/25/2012
Jeff Pesler	MidTown	10/3/2012
Ron Jones	Evergreen Cooperatives, Management	10/16/2012
Christina Vernon	Cleveland Clinic	10/22/2012
Daniel Budish	City of Cleveland	10/26/2012
Tracey Nichols	City of Cleveland	10/26/2012
Jill Rizika	Towards Employment	11/12/2012
Aram Nerpouni	BioEnterprise	11/14/2012
Tatyana Hower	BioEnterprise	11/14/2012
John Wheeler	Case Western Reserve University	11/16/2012
Stephanie Strong-Corbett	Case Western Reserve University	11/16/2012
Jennifer Ruggles	Case Western Reserve University	11/16/2012
Oliver Henkel	Cleveland Clinic	11/19/2012
Joel Ratner	Neighborhood Progress, Inc.	11/21/2012
Wyonette Cheairs	Fairfax CDC	12/6/2012
Oliver Henkel	Cleveland Clinic	12/6/2012
Heidi Gartland	University Hospitals	1/7/2013
Dryck Bennett	National Development Council	1/14/2013
Tom Jackson	National Development Council	1/29/2013

**Appendix Table 2: Meeting List**

Name	Date
Meeting with Walter Wright	1/24/2012
Living Cities Learning Community	2/6/2012
Living Cities Learning Community	2/7/2012
Living Cities Learning Community	2/8/2012
Living Cities Learning Community	2/9/2012
Economic Inclusion Management Committee Meeting	2/23/2012
India Pierce Lee	3/7/2012
Lillian Kuri	3/7/2012
Meeting with Walter Wright	3/21/2012
Living Cities Site Visit	3/29/2012
Living Cities Site Visit	3/30/2012
Meeting with Walter Wright	4/10/2012
Evaluator Conference Call	4/16/2012
Meeting with Walter Wright	5/16/2012
Living Cities Learning Community	5/29/2012
Living Cities Learning Community	5/30/2012
Economic Inclusion Management Committee Meeting	5/31/2012
Meeting with Walter Wright	6/11/2012
Meeting with Walter Wright	7/9/2012
Meeting with Devon Winey	7/10/2012
LC Conference Call with Beth Siegel	7/13/2012
Economic Inclusion Management Committee Meeting	8/14/2012
Meeting with Walter Wright	8/17/2012
Economic Inclusion Management Committee Meeting	9/13/2012
Meeting with Walter Wright	9/19/2012
Meeting with Devon Winey	9/19/2012
Call with Devon Winey & Beth Seigel	9/27/2012
Living Cities Learning Community	10/9/2012
Living Cities Learning Community	10/10/2012
Living Cities Learning Community	10/11/2012
Economic Inclusion Management Committee Meeting	10/16/2012
Meeting with Walter Wright	10/17/2012
Call with Devon Winey & Walter Wright	10/26/2012
Living Cities Evaluators Day	11/9/2012
HTC Advisory Group Meeting	11/16/2012
Meeting with Walter Wright & Tracey Nichols	11/20/2012
Living Cities Site Visit	11/28/2012