

MINUTES OF THE HOUSING COMMITTEE
September 23, 2019
East Conference Room

Present: Councilmembers Anderson, O'Malley & Rader

Also Present: Councilmember George, Assistant Law Director Swallow, Building Commissioner Joe Meyers, Chris Parmelee (Building Department), Dave Swindell (President of WXZ Development), a couple members of the public, and Deputy Clerk Lasco taking minutes

Call to Order: 6:00 p.m.

AGENDA

RESOLUTION 9093-19 - A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of council, or otherwise to take effect at the earliest period allowed by law, authorizing the Mayor or his designee to enter into an agreement with WXZ Residential Group/Lakewood, LLC for an economic development grant, issued in the form a single rebate, for a total amount not to exceed one hundred thousand dollars (\$100,000.00), in order to assist the grantee in preparing the site for residential development. (1st read and referred to Housing Committee 9/16/19)

Director Sylvester deferred to Alex Harnocz to review the rebate deal structure with WXZ Development via a PowerPoint presentation. Mr. Harnocz stated that the rebate of \$100,000 comes from the economic development fund and that the trigger for the release of the funds comes when the residential redevelopment standards are met. These standards come from the Bureau of Underground Storage Tanks. Achieving residential standards are a heavy lift for any entity operating on the site, as it has been a gas station since the 1920s. Physical improvements to the site are the only items eligible for the rebate, which may include the demolition of existing structures, grading of the site, removing storage tanks, etc. The rebate will be available for claim after a No Further Action (NFA) letter is issued. Attachment C in the rebate agreement gives a line item of approved physical improvements. The total projected value of the project is \$2.4 million and WXZ is estimating it will cost \$350,000 to environmentally clean the site. The site will provide \$75,000 a year in property taxes once built, making the payback period for the \$100,000 rebate about a year and a half. Mr. Swindell of WXZ indicated that the tank pull started last week and project completion is expected by next fall.

Chairman Anderson inquired if the rebate was structured on a sliding scale, in the event the clean up costs less than the anticipated \$350,000. Planning Department staff indicated that the deal structure was straightforward and is for the \$100,000 figure. Members of the committee asked if any financial assistance was sought from the school board, county, or state since each entity will be benefitting from the tax revenue. It was indicated that no other grants or assistance were sought. Prompted by questions from committee members, it was also stated that WXZ will be serving as the general contractor for the site remediation work and sub-contracts out more specialized work, such as the tank removal. The approximate balance of the economic development fund is a little bit more than a million dollars and there is no opportunity cost

through the use of these funds for this project. The remaining cost of the remediation work was included in WXZ's general loan and no assistance was sought from the site's previous owner.

Councilman O'Malley noted that an article on Cleveland.com from 9/19/19 stated that City Council had approved the \$100,000 rebate and asked if a press release was done by the city. Director Sylvester indicated that the author (John Benson) picked the item up from the docket and that he and the mayor let him know that the story misquoted the mayor, as the Council only approved the rezoning. Mr. Harnocz noted his previous work experience in brownfield remediation, informing the committee that converting a gas station to a residential property is a heavy lift. He has been impressed with WXZ's work. Councilwoman George asked how the \$75,000 revenue figure per year was generated. Director Sylvester stated that the figure is for all 4 units. One should take the projected value of \$2.4 million and multiply it by 3.4%, which leads to about \$18,000 per unit with a \$60,000 purchase price, which is a conservative figure. The income tax figure is based on \$100,000 income per household, which is also a very conservative figure. The payback period for the city's portion of revenue would be about 6 years based on those conservative figures. The project has moved completely through ABR's process and has been approved by that board.

Chairman Anderson made a motion recommend approval of Resolution 9093-19, which was seconded by Councilman Rader. All members voted in favor. Motion passed.

Communication from Councilmember George regarding demolition and re-build of homes.
(Referred to Housing Committee 9/3/19)

Councilwoman George indicated the impetus behind her communication were the demolition of two homes at the end of Nicholson Ave. on the lake. She stated that Lakewood is known for its historic character and wants to make it harder to demolish a historic home. Director Sylvester previously informed George via email that there are 3 paths for demolition: 1) a property was deemed a nuisance by the public safety director, which is the mayor in Lakewood 2) an approved plan by the Architectural Board of Review 3) if a property owner makes an application for demolition and 180 days pass without approval of the plans after good faith efforts were made to save the structure. Councilwoman George expressed a desire to strip the third path from the code in order to prevent good standing homes from being demolished. Members of the committee expressed a desire to know the historical context of the third path and how many times it has happened over the years. Director Sylvester indicated that in his 9 years working in Lakewood, the 180-day option has never been invoked. Assistant Director Swallow if the 180-day period is a made-up number or if case law supports it. She expressed a need for more research on the matter and cautioned about taking property rights away from owners. Lastly, she highlighted citizens' ability to nominate any property for historic preservation, which involves a 2-part process with the Planning Commission. That could path of preservation could be applied to a single property or a district. Mr. Harnocz noted that a historic property designation also provides additional guidance to the Architectural Board of Review and a higher level of scrutiny.

Councilman O'Malley provided context on both properties taken down on Nicholson Ave. over the past couple years. The first property was significantly dilapidated, and owners made efforts to match the property with the character of the neighborhood. The second home was demolished

last week and its footprint will be less significant than the old structure and will provide neighbors with a better view of the lake. The owners bought the property for \$1.2 million just to knock it down and went through a number of revisions. O'Malley expressed his support for George's view and would like historic preservation designations applied to structures along with homes (ex. yellow brick wall on Lake Ave.). Committee members expressed support for including structures and expanding the number of historic districts citywide. Bird Town and Clifton Park are the only 2 neighborhoods with a historic designation and are on the national registry. The historic districts create another level of review, but do not prohibit demolition.

Chairman Anderson pledged to not reconvene the committee on this issue for another month as more research is needed on the topics brought up in the meeting.

ORDINANCE 18-19 - AN ORDINANCE amending Chapter 1323, Registration of Contractors, of the Codified Ordinances of the City of Lakewood to require contractors registered with the City to receive a training or orientation to be provided by the City. (1st read and referred to Housing Committee 6/3/19; 2nd reading 6/17/19)

Chairman Anderson stated he has not run across another city contractor education program in his research of the issue. He has been looking into the requirements of what it takes to become a contractor and has been examining the drop in the number of contractors registered with the city since 2012. There were just under 1,400 contractors registered in 2012 and the number was cut in half the following year. The number now is just under 300. Chris Parmelee of the Building Department stated the reduction indicates a higher quality of contractor being registered. The reduction shows the city has been successful in weeding out unqualified contractors. It was also noted that the Building Department's transition into the use of the Web QA may have reflected a portion of the reduced number as well. Chairman Anderson proposed doubling the registration fee to \$200, but Mr. Parmelee indicated that is reviewed on a case by case basis and that his department is more apt to double a permit fee than a registration fee.

Approval of the minutes of the July 22, 2019 Housing Committee meeting.

Chairman Anderson made a motion to approve the minutes from the July 22nd meeting of the Housing Committee, which was seconded by Councilman Rader. All members voted in favor. Motion passed.

Meeting adjourned: 6:33 p.m.