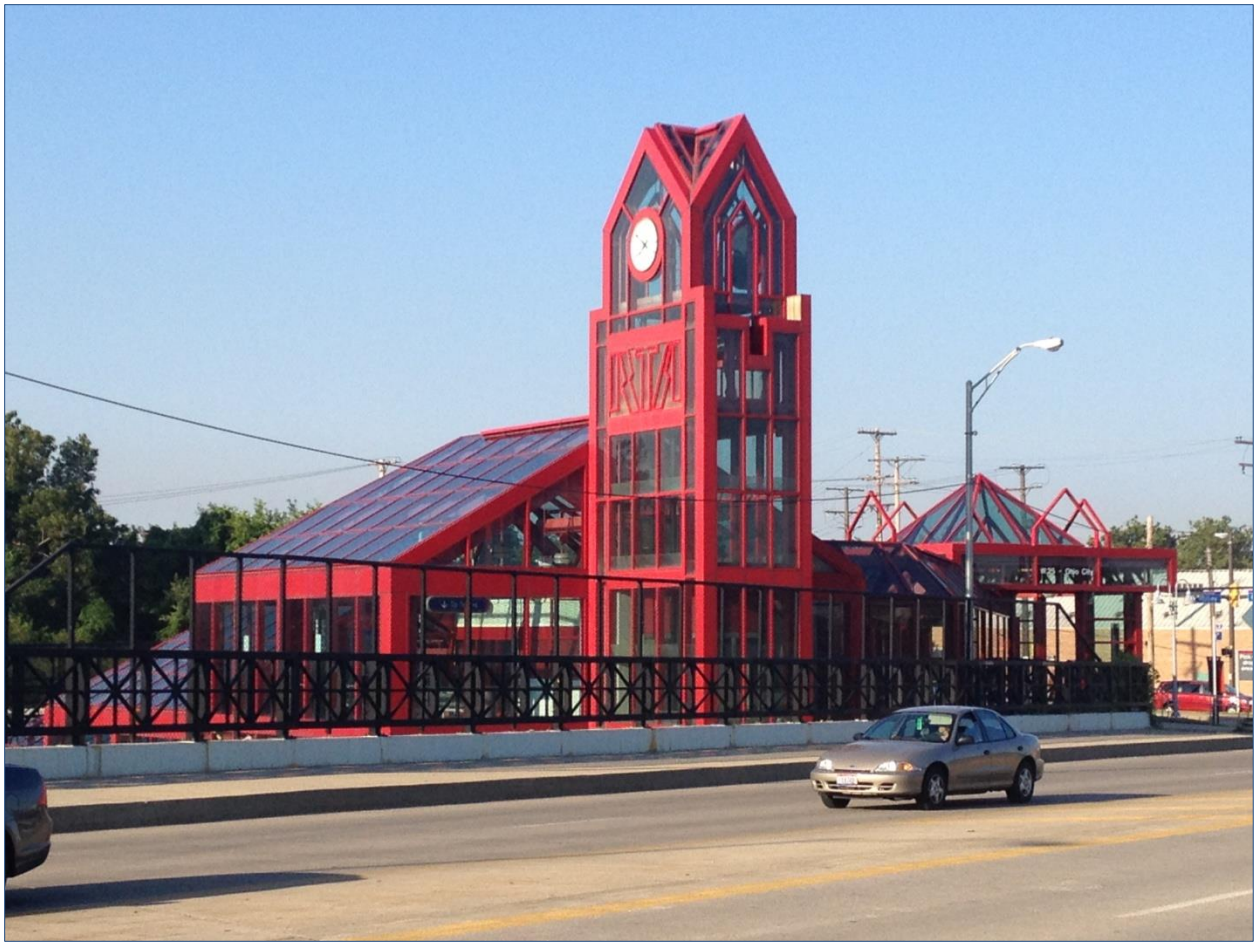
# W.25th Street
# Transit-Oriented Development Plan and Implementation Strategy




OHIO CITY
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December 2013

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# Acknowledgments

The West 25th Street Transit-Oriented Development Plan and Implementation Strategy is the result of collaboration among the Greater Cleveland Transit Authority, Ohio City Inc., City of Cleveland, Darrell A. Young Enterprises, the Working Group, the Steering Committee, and other participants in the plan development process meetings. Funding and support for this project was provided by the Cleveland Foundation and the Greater Cleveland Regional Transit Authority. We thank all those who worked with us to develop this plan.

## Working Group

- Maribeth Feke, GCRTA
- Tom McNair, Ohio City Inc.
- Cory Riordan, Tremont West Development Corp.

## Steering Committee

- BikeCleveland: Barb Clint, Jacob Van Sickle
- City of Cleveland City Council: Councilman Joe Cimperman
- City of Cleveland Economic Development: Liz Forester
- City of Cleveland Planning Commission: Trevor Hunt, Kyle Reisz
- City of Cleveland Traffic Engineering: Andrew Cross
- Cuyahoga County Department of Development: Nate Kelly
- Darrell A. Young Enterprises: Darrell Young
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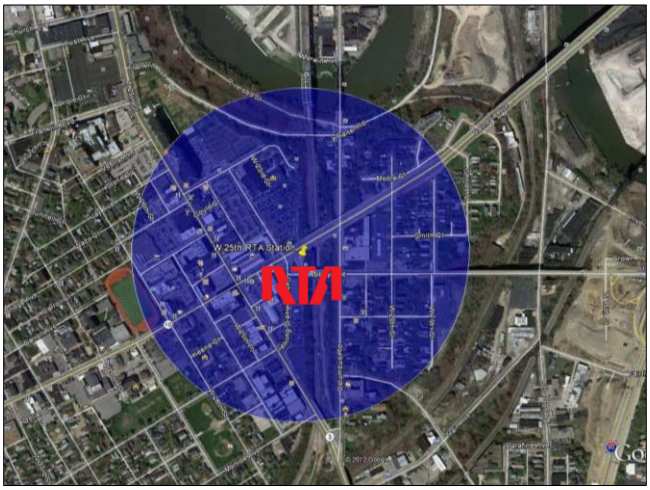
# 1 Introduction

## 1.1 Background

Ohio City is a thriving neighborhood and city center located along the west side of the Cuyahoga River across from Downtown Cleveland. Ohio City is a key urban attraction that is home to one of Cleveland's top five nationally significant cultural icons, the West Side Market. The West Side Market is Ohio City's primary anchor and economic engine. Ohio City is served well by the Greater Cleveland Regional Transit Authority (RTA), with transit service via bus and train. The Red Line rail service connects the suburbs of eastern Cleveland with the airport via Downtown Cleveland and it stops at the W.25th Street Station, which is located adjacent to the Lorain Avenue/Gehring-W.24th Street intersection. This station is also served by RTA's buses.

In its existing condition and configuration, the W.25th Street Station feels distant from the Market District. The Market District, with its heart at the West Side Market, is the thriving hub of Ohio City. Although the W.25th Street Station is located within ¼ mile of the Market District, it feels disconnected because of the adjacent land uses and the roadway network that bisects the pedestrian desire lines between the station and the District. The purpose of this project is to prepare a development plan and implementation strategy to improve the connectedness of the W.25th Street Station and the Market District.

The plan focuses on two primary components. The first component is the Transit-Oriented Development (TOD) plan which examines the area within ¼ mile of the station. The second component assesses the station itself, evaluating the feasibility of relocating the station and looking at other ways to enhance the station's connection to the surrounding neighborhood by changing the way the area feels. The study area has all the components necessary to support successful TOD: Existing transit infrastructure, strong market, densely built urban environment, positive investment history, vacant and underutilized land, and publicly owned land.




**W.25th Street Station and ¼ mi radius Study Area**

This project incorporates the plans and related work that have already been completed in Ohio City, building off of them in a positive manner and incorporating the existing plans while addressing the specific objectives for this project. The primary goal is the development of a TOD plan with an implementation strategy that can be put into effect within 1 to 3 years. The project includes development, evaluation, and recommendation of concepts based on the project goals, the community vision and cost effectiveness.

## 1.2 Project Goals

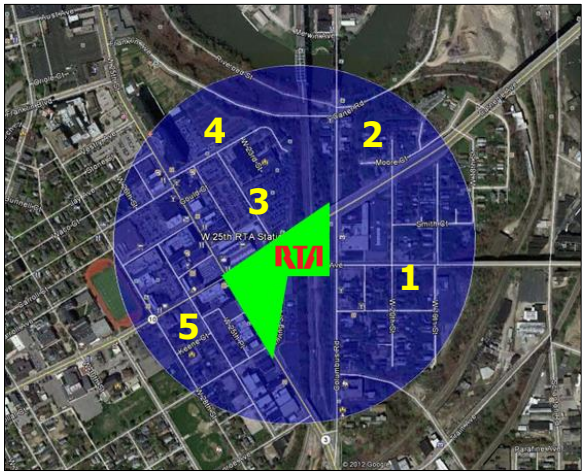
The overarching project goal is to make RTA's W.25th Street Station feel more connected to the Market District neighborhood. The connectivity can be made through physical modifications to the station, changes to the area immediately surrounding the station, and through the incorporation of transit-oriented development within the ¼ mile area around the station. Specifically, the following project objectives were developed:

- Leverage presence of W.25th Street Station and improve connectivity with the surrounding neighborhoods of Ohio City, Tremont, and the Flats/Rivergate
- Provide physical modifications to the station to facilitate access from adjacent neighborhoods
- Enhance transportation network to better balance accommodations for all travel modes (motorized and non-motorized)
- Support livable, walkable environment
- Support and enhance transit ridership
- Incorporate economically feasible TOD
  - Support 16-hour activity within the study area
  - Incorporate underutilized and publically owned land
  - Provide site-specific development recommendations
  - Incorporate overlay zoning and innovation zones, as appropriate

## 1.3 Study Area

The study area is centered on the W.25th Street Station. The study focuses on the RTA station and the Market Square Plaza, which is located immediately west of the W.25th Street Station. The primary focus area is shown in lime green in the figure. Secondary areas are listed below and numbered accordingly in the figure:

1. Duck Island
2. North of Lorain and east of RTA Station
3. West Side Market Area
4. East of W.25th Street, north of West Side Market
5. West of W.25th Street




**Areas of Focus in the Study Area**

## 1.4 Relevant Plans and Projects in the Area

A number of plans and projects that are relevant to this study have been completed in Ohio City. The documentation for those plans and projects were reviewed in relation to this project and that information was used as the foundation for this study.

### Table 1.1: Relevant Plans and Projects

| Plan/Project | Focus |
|---|---|
| Ohio City Vision (Market District TLCI study) | Plan to enhance livability in the Market District area |
| Launch Lorain | Redefines desired character of Lorain Avenue |
| Ohio City Transportation Plan | Transportation-related enhancements for Ohio City |
| Canal Basin District Plan (TLCI study) | Bicycle and pedestrian facility connections for Canal Basin Park and Towpath Trail |
| City of Cleveland Complete Streets | Recently adopted complete streets policy |
| RTA TOD Plan | Guidance for transit-oriented development at/near RTA transit stations |
| RTA TOD Best Practices | Guidance for transit-oriented development based on lessons learned |

### Ohio City Vision (Market District TLCI study)

This plan focuses on the Market District and making it a more livable area with improved alternate mode access. Plan recommendations include:

- Simplify interactions between modes of transportation
- Improve access to rapid transit station
- Prioritize pedestrians and cyclists' movement and connections
- Strengthen physical and visual connections
- Celebrate historic character of district
- Promote green streets and building materials and methods
- Promote live/work space
- Accommodate growing need for parking
- Acquire land for future park and open space
- Includes urban design plan, building design guidelines, circulation plan, and proposed land use

## Launch Lorain

This plan seeks to enhance the streetscape along Lorain Avenue with associated improvements to redefine the desired character of Lorain Avenue in Ohio City.

- Provide traffic calming and streetscape enhancements on Lorain
- Land use and real estate development recommendations
- Enhance transit waiting environments beyond the Market Square Park TWE

## Ohio City Transportation Plan

This plan identifies transportation-related recommendations that address:

- Complete streets
- Transit-Oriented Development (TOD)
- Wayfinding
- Public parking (including West Side Market)
- Residential parking
- Parking meters

## Canal Basin District Plan (TLCI Study)

This plan recommends bicycle and pedestrian facilities, enhancements and amenities to connect the future Canal Basin Park and the Towpath Trail with the surrounding neighborhoods in Ohio City/Tremont, the Lakefront and downtown Cleveland, and to encourage and support bicycle and pedestrian travel in the area.

## City of Cleveland Complete Streets

Cleveland recently adopted a complete streets policy and is in the process of developing typologies and design standards for complete and green streets to implement the policy.

## RTA TOD Plan

This plan provides guidelines for Transit-Oriented Development for targeted locations within RTA's service area at and near transit stations.

- TOD neighborhoods offer people easy access to all living, shopping, working and play activities.
- The perfect mix and density of land uses around a transit station depends on the needs and preferences of the surrounding neighborhood, through a community-focused planning process.
- Wide variety of residential choices
- Small-scale commercial and office space throughout the neighborhood
- Community services (libraries, schools, etc.,) within walking distance
- Multi-use, safe, public gathering spaces to attract people and make a street an active place
- Retail on ground floor of transit and parking facilities
- New development consistent in scale and architectural character with existing buildings

- Highest densities closest to transit station; provide less parking closer to station
- Provide bicycle and pedestrian access with appropriate facilities and amenities
- Pedestrian going to and from station should have a safe and interesting walking experience

## RTA TOD Best Practices

Documents lessons learned to ensure development of successful TODs.

- Establish roles for transit agency and community
  - Transit agency has the opportunity to more actively direct the land development and, most important, to ensure that the land uses reinforce transit and vice versa.
  - TOD is a team effort: successful projects involve invested municipal leadership, transit agencies, TOD-savvy developers, and extensive public outreach (see page 58)
  - Municipality must help project work financially, through zoning that allows higher densities and mixed use and being predictable and transparent, through plans, guidelines, and permissible uses and densities.
- Guidelines for the Development
  - Ensure success of retail and community use by identifying appropriate, economically feasible businesses and helping them get established
  - Place small retail spaces along the street
  - Design pathways for direct access to near neighborhoods
  - Encourage housing along a transit corridor to support additional retail
- Play to region's strengths:
  - TOD is a good way to expand affordable housing, by reducing the need for a car
  - Design housing for the target market

# 2 Plan Development Process & Community Engagement

The intent of the planning process was to build a TOD plan with actionable elements that could be implemented within the next 3-5 years based on the foundation of previous planning efforts completed in and around the study area. The body of previous work provided a solid foundation for this TOD study.

## 2.1 Community Engagement Program

The community engagement program for this study was different than most. Because so much public outreach had been completed as part of the previous planning studies, this study was able to capitalize on that input and streamline the community engagement program to the elements necessary to develop the recommendations to address the project goals. The community engagement program consisted of multiple levels.

The **Working Group** was the core team ultimately responsible for plan development. This includes understanding existing conditions and recommendations from the previous studies, preparing and evaluation alternatives, developing recommendations, and providing information and engaging the Steering Committee at key intervals throughout the planning process. The Working Group was comprised of representatives from GCRTA, Ohio City, Inc., and Tremont West Development Corporation.

The **Steering Committee** consisted of key stakeholders from a variety of public, private, and not-for-profit entities. They provided direction and guidance throughout the plan development process. Organizations represented in the Steering Committee are listed below.

- Bike Cleveland
- City of Cleveland, City Council
- City of Cleveland, Economic Development
- City of Cleveland, Planning Commission
- City of Cleveland, Traffic Engineering
- Cuyahoga County Department of Development
- Darrell A. Young Enterprises
- GCRTA
- Market Garden Brewery
- Neighborhood Progress Inc. (NPI)
- Ohio Department of Transportation, District 12
- Ohio City Board, Land Studio
- Ohio City Inc.
- Tremont Board, Duck Island

Finally, the study incorporated outreach to specific groups of **Stakeholders**. This targeted outreach sought to garner ideas, input and feedback which were incorporated into the development of the plans. Meetings were conducted with Columbus Road and West Side Market groups, in addition to the City of Cleveland Planning Commission and RTA Board. Broad-level public input was obtained during public outreach programs conducted for the previous studies in the area. The **Public** was engaged in the process at the Cleveland Planning Commission meeting.

## 2.2 Meetings

Project meetings were part of the plan development process. Meetings were held from October 2012 through July 2013, as documented in the table below.

### Table 1.2: Project Meetings

| Meeting | Date |
|---|---|
| Steering Committee Meeting 1, Project Kick-Off | October 24, 2012 |
| Steering Committee Meeting 2 | December 10, 2012 |
| Working Group Meeting – Concept Development | December 11, 2012 |
| Stakeholder Meeting – Recommendations Development | February 11, 2013 |
| Team Meeting with Ohio City | March 18, 2013 |
| Columbus Road Outreach Meeting | March 21, 2013 |
| West Side Market Outreach Meeting | April 4, 2013 |
| Steering Committee Meeting 3 | May 8, 2013 |
| Cleveland Planning Commission Meeting | June 7, 2013 |
| RTA Board Meeting | July 2, 2013 |

**Steering Committee Project Kick-Off**

**West Side Market Tenants Association Stakeholder meeting**

# 3 Station Context

A thorough understanding of the station area environment was essential for effective concept visioning and plan development. Parcel ownership, physical constraints, station layout and features, track geometry, and the location of utilities represent some of the issues that could impact future possibilities. Other considerations of physical space included pedestrian flow, provision for an improved interface with connecting transit services, and the potential proximity of transit-oriented development.

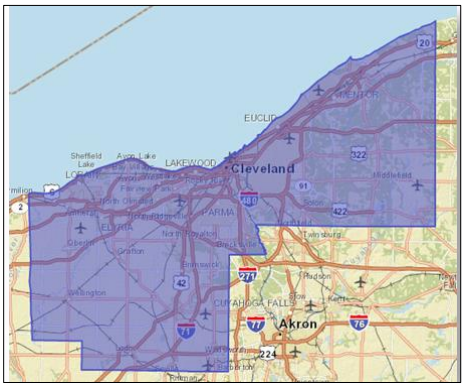
The current W.25th Street Station presents access challenges for transit riders. The station is located adjacent to Lorain Avenue, a regional arterial, and it is physically separated from pedestrian destinations by a series of roads and intersections surrounding the station. The station itself can be accessed at street level but its boarding area is located in the railroad trench that is well below street level. Important issues considered during the planning process include:

- The station feels disconnected from the nearby West Side Market, an iconic regional attraction, and the Market District area in general by a sea of pavement.
- The Kiss-n-Ride driveway area is used infrequently for its intended purpose. Observations indicate that it is used almost exclusively by RTA service vehicles.
- The station platform is located well below street level so the view of the inbound and outbound trains is not visible from street level.
- Parking is available on the north side of Lorain Avenue in the West Side Market parking lot; parking is not available immediately adjacent to the station.

# 4 Market Study, Financial Feasibility, and Fiscal Impact Analyses

A market study, and financial feasibility and fiscal impact analyses were completed to support this TOD study. The market study examined socio-economic, labor and industry, and real estate supply and demand trends and comparables. The detailed financial analysis assessed the viability of the proposed build-out scenarios; and the fiscal impact analysis measured the cost-revenue ratio for the proposed conceptual development scenario.

**Regional Study Areas**




**Cleveland Metropolitan Statistical Area (MSA)**

## 4.1 Market Study

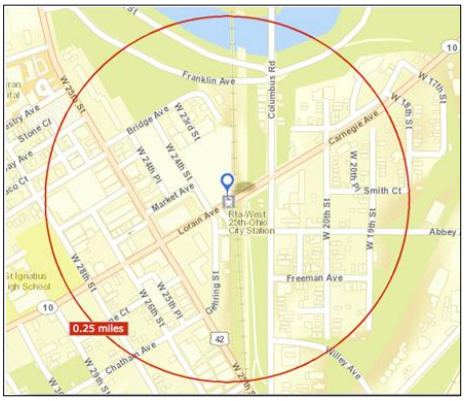
The market study summarized in this section is described in greater detail in Appendices A and B.

The TOD study area, defined as the quarter-mile around the RTA station, is one of contrast where residents exhibiting generally low incomes and low-educational attainment coexist with a large inflow of high-wage and highly skilled employees of medical and academic institutions. More than 85 percent of workers commute from outside the West 25th Street RTA Station area (the two-mile radius), and 50 percent have annual incomes over $40,000. As anecdotal evidence supported, many of these workers would prefer to live near their jobs and would move when suitable housing becomes available.


**10-minute Drive Contour Primary Market Area (PMA)**

The West 25th Street RTA Station area also benefits from a diverse industry mix. The professional, scientific, and technical services; public administration; and finance and insurance industries specifically exhibit a comparative advantage in the TOD Study Area and should be targeted industries. These uses are consistent with the character of the area, typified by many small-footprint office buildings better suited for small-scale office and professional service uses.

Very low projected housing vacancy rates (below four percent), rising rents, and flat absorption, all suggest the Primary Market Area (PMA) will experience a strong and tight multi-family residential housing market in the near term. This trend is supported by the growth of non-family households – young professionals and empty nesters in particular, who are the principal drivers of multi-family rental housing. Young professionals (15 percent of the future population) are more likely to use public transit, walk, or bike. Suitable housing has




**W.25th Street Station (TOD site) ¼ mile radius**

become more difficult to find for those desiring to walk or bike to their jobs, according to employers. Nonetheless, existing residents expressed concern they will be priced out of the neighborhood.

Based on modest household growth estimates, demand exists for 14,000 to 18,000 new housing units within the primary market area (PMA, the 10-minute drive contour) over the coming years. It is expected that 10 percent (1,400 to 1,800 new units) of the PMA housing demand can be satisfied within the TOD study area. Based on current and projected socio-economic trends favoring young workers, empty nesters, and non-family and small households, nearly three-quarters of this demand will be for rental units. As previously mentioned, 50 percent of the population earns less than $40,000 annually. This creates unique challenges for meeting the housing demand, as this population may not be able to afford the rising rents inevitable in a strengthening market.

The office market in the PMA is weak, characterized by relatively high vacancy rates, very low asking rents, weak absorption, and properties sitting on the market for years. Vacancy rates are expected to decline and effective rent to increase in the next five years – indicating a strengthening regional market. Nevertheless, conversations with local brokers revealed a lack of optimism regarding the office market in the TOD study area.

Nearly 80 percent of office space is over 20 years old, and therefore Class B- or C-quality space. Newer office space, with features characteristic of Class A-quality space such as modern amenities and access, will be necessary to attract new office users to the area. Existing office space in the TOD Study Area tends to occupy small, upper-story areas. This type of space is best suited for small-scale professional offices and services not requiring a storefront.

The real estate analysis projects a demand for approximately 14 million square feet of office space in the West 25th Street Station PMA. This represents a net demand increase of about 1.8 million square feet over the 2010 inventory. Prospective office developers should proceed cautiously unless developing build-to-suit, and government intervention may be required to spur office growth.

## 4.2 Financial Feasibility Analysis

An in-depth financial feasibility analysis was performed. It is summarized in this section and described in greater detail in Appendix C. The financial feasibility analysis associated with six hypothetical mixed-use redevelopment scenarios provided by the project team to determine the minimum financially viable development density (e.g., units of housing and commercial square footage). Based on two land-use phase variants for each of three scenarios modeled, six separate development and operating pro-forma were created (three prospective development scenarios by two iterations of each scenario). Separating out the financial analysis in this way permitted a meaningful financial return comparison, based on land-use mix and intensity.

The financial analysis findings demonstrate that any of the six build-out scenarios are financially viable and would likely provide a developer with an adequate rate of return, given project and market risks. The determining factor regarding which scale of development to pursue is the financial resources a developer can bring to the table. Given the demonstrated market support for the scenario with the most residential units and retail square footage (build out scenarios in Concept A-3 and Concept B-3 build-out scenarios, refer to pages 25 and 29), the limiting factor becomes financing.

## 4.3 Fiscal Impact Analysis

Full build-out fiscal impacts were projected and evaluated utilizing most-recent cost and revenue metrics. The full build out analysis was based on the projected development scenarios established by the project team. A community or fiscal impact analysis examines the linkage between local government revenue generated by new development and its resultant municipal service costs (e.g., police, fire, schools, sanitation, etc.). The outcome of such an analysis is to produce a project-related estimate of community service costs to projected revenues, a "cost-revenue ratio," which will be positive (a revenue surplus), negative (a revenue shortfall), or neutral (break-even).

The conceptual development scenario analyzed consists of 57 owner-occupied housing units, 172 renter-occupied housing units, and more than 55,000 square feet of retail space. It results in an overall estimated annual net fiscal gain at project stabilization (normal occupancy levels for all land uses) of nearly $344,000. A variety of project factors (e.g., actual numbers of school age children generated and real property values achieved) will all influence the likely range of the net fiscal impacts realized.

Approximately 43 new public school-age children are anticipated over the 10-year period for the scenarios analyzed, with new annual school expenditures estimated at nearly $228,000. These estimates strictly represent the net gain anticipated from the new development and do not take into account other factors which may influence the overall school district student population. The findings indicate the conceptual development scenario yields an annual positive return for the City of Cleveland.

# 5 Plan Recommendations

## 5.1 Objectives

The plan is intended to make RTA's W.25th Street Station feel like it is integrated into the neighborhood by creating a stronger connection between the RTA station and the center of the Market District on W.25th Street as well as the Tremont and Duck Island neighborhoods. Connectivity and making the station feel like it is a part of the neighborhood will be accomplished by changes in land use and modifications to the transportation infrastructure around the station. Recommended potential land use(s) for public and under-utilized land were developed based upon the results of the economic and financial analyses. Roadway, bicycle, and pedestrian facilities were also developed in support of connecting the existing and potential development in the area.

### Land Use Modifications

Study possibilities for redevelopment of parcels in the project area for potential provision of public and residential use. Examples include new residential developments within the TOD area, reconfiguration of access to the West Side Market parking to create another potential use of the land that is currently occupied by the parking lot driveways, and development of the RTA-owned land along Columbus Road south of Abbey Avenue and adjacent to the railroad tracks.

### Transportation Network

Modify the transportation network to better balance the needs of all users and travelers in the study area. This should include modifications to Lorain Avenue, the W.25th Street / Lorain Avenue intersection, and the Lorain Avenue / W.24th Street-Gehring Street intersection to reduce the amount of pavement and associated pedestrian challenges while still adequately accommodating vehicular and transit traffic. Modifications to Gehring Street should be considered, including the potential reconfiguration or closure of Gehring Street.

### Bicycle and Pedestrian Access

Increase pedestrian and bicycle accessibility to and around the station. Consider ease of access to the station through provision of bicycle and pedestrian facilities along with amenities that can be incorporated into the streetscape.

### Streetscape and Gateway Treatments

Create a gateway and establish a pedestrian zone on Lorain Avenue at the east end of the study area. A soft gateway should be established at W.20th Street to introduce westbound vehicles to the neighborhood as they finish crossing the Lorain-Carnegie Bridge. A definitive gateway should be created at the Lorain Avenue / W.24th Street-Gehring Street intersection, firmly establishing the pedestrian zone.

### Station Area Improvements

Modify the station area to improve pedestrian connectivity and to make the station feel more connected to the neighborhood.

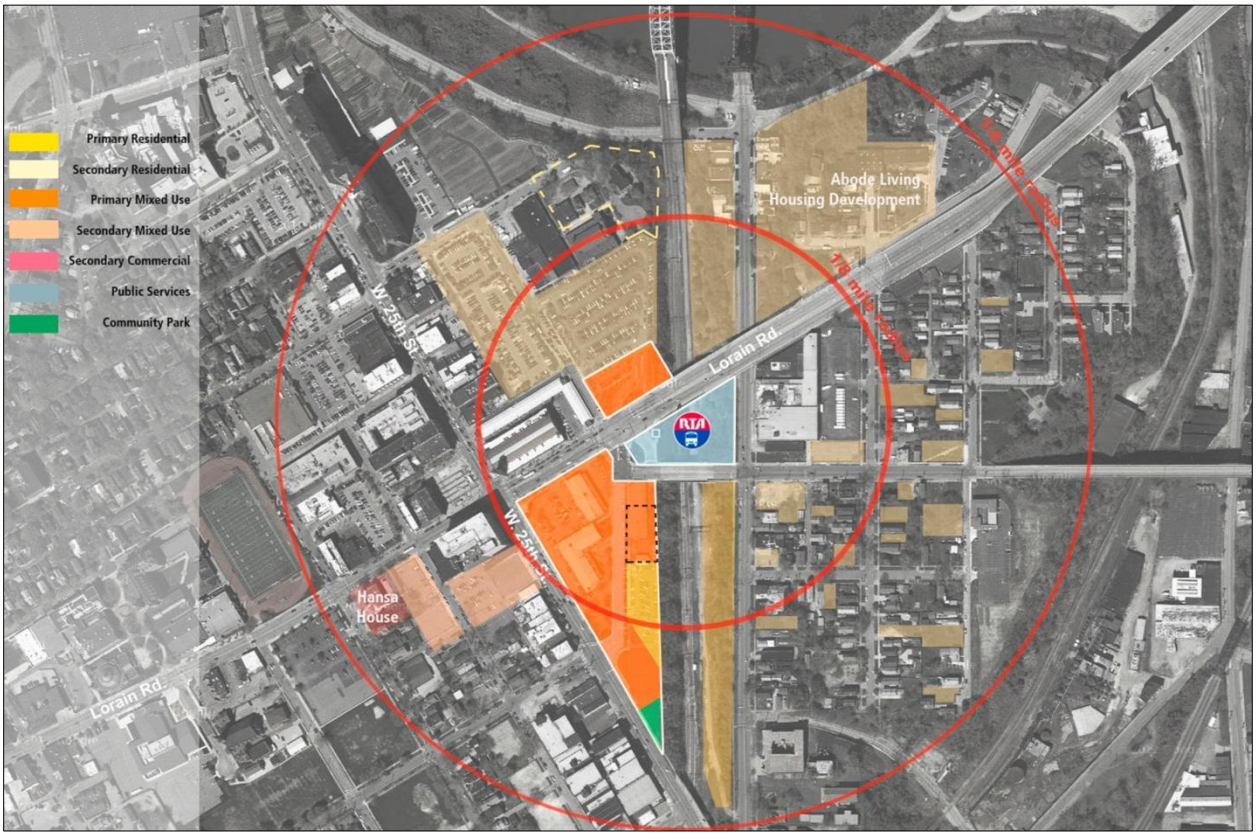
## Market Square Plaza

Develop the Market Square Plaza shopping center to a higher and better use that is consistent with TOD. This can be accomplished through redevelopment that increases the density of the development by adding much needed rental housing along with retail space. Market Square Plaza should be configured to create retail street presence and a street wall along Lorain Avenue that is consistent with the street fabric that currently exists on W.25th Street north of Lorain Avenue. This will help continue the momentum of current business growth in Ohio City and encourage it to spread east on Lorain Avenue and south on W.25th Street. Parking needs should be accommodated with an increase in parking capacity to accommodate the redevelopment, consistent with TOD parking standards.

## Implementation

The plan should consist of elements that can be implemented within the next three to five years. As various agencies and owners will have control of the different components of the plan, it is important that those components can be implemented as phased, stand-alone elements, as much as possible.

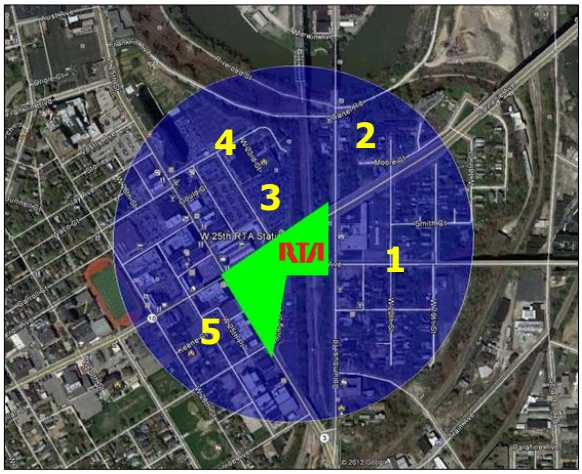
## 5.2 Land Use Concepts




**Potential Land Use**

### Residential Development

The economic analysis shows that within the PMA there is a projected demand for 14,000 to 18,000 new residential dwelling units within the next 10 years. The TOD area includes 10 percent of the PMA and as such, a demand for 1,400 to 1,800 new residential dwelling units is projected. The development within the TOD should be of the highest density mixed-use that fits on site, while still fitting within the character of the area. This means that the TOD site is constrained by area and character; there is anticipated demand for as many residential units as can be appropriately accommodated. The limit on residential development is constrained by what will appropriately fit on the available land in the TOD area rather than by market demand.




1. **Duck Island**
2. **North of Lorain and east of RTA Station**
3. **West Side Market Area**
4. **East of W.25th Street and north of West Side Market**
5. **West of W.25th Street**

### Duck Island

Infill residential development is recommended in the area of Duck Island. This includes construction of

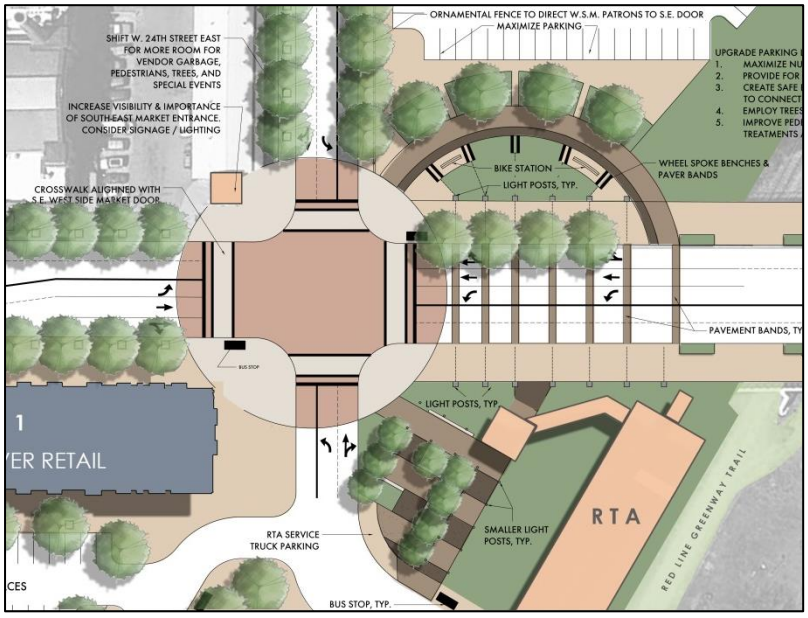
townhomes on Columbus Road and other potential redevelopment opportunities based on availability of individual parcels.

## North of Lorain Avenue and East of RTA Station

Gateway treatments on Lorain Avenue will introduce vehicles to the neighborhood, calm traffic and enhance the pedestrian environment. A proposed residential development by Adobe Living, will provide approximately 85 to 100 dwelling units. Based on economic analysis results for this study, there is a potential for greater density in this area than is currently proposed by Abode Living, however, development density at that site is constrained by soil conditions.

## West Side Market Area

An in-depth analysis was conducted for this area, as it is the hub of the TOD and reconfiguration of the West Side Market parking area is recommended. This will facilitate the creation of a "front door" at the southeast entrance to the West Side Market, which will benefit pedestrian access and circulation as well as provide economic benefits to the Market. Reconfiguration of the West Side Market parking area includes consolidation of the access drives into a single point of access. According to the West Side Market Tenants Association, there is a strong need to maximize available parking for West Side Market customers. Reconfiguration of the existing parking would likely increase the available parking spaces with the added benefit of providing opportunities for an enhanced pedestrian environment and creation of public green space. Specific recommendations include:




**Redevelopment of West Side Market Area**

- Create a "Front Door" at the southeast entrance to the West Side Market. (This will be facilitated by the reconfiguration of the Lorain Avenue / W.24th Street-Gehring Street intersection, a related recommendation that will enhance pedestrian accessibility and connectivity.)
- Provide pedestrian facilities and amenities to enhance the pedestrian realm and facilitate pedestrian flow between the West Side Market, the parking area, the RTA Station, and the Market Square Plaza. Enhance the pedestrian environment through streetscape enhancements that include pavement treatments and pedestrian-scale lighting.
- Provide a single access drive to the West Side Market parking area. This will organized vehicular traffic, enhance the pedestrian environment, and provide the opportunity to reconfigure the parking area.

- Reconfigure the parking to maximize the number of available parking spaces and provide efficient flow and circulation for vehicles and pedestrians.
- Use the space vacated by the driveways to create a public green space which should include outdoor dining, bicycle parking, and other appropriate outdoor recreational uses.
- Incorporate green infrastructure as a streetscape element and within the new public green space. Positive visual impacts that will contribute to the gateway include the use of bioretention. Pervious pavement and tree biofiltration are examples of low maintenance green infrastructure that could be incorporated into the streetscape.
- Create gateways at W.20th Street and W.24th Street-Gehring to create a visual entrance into the Market District. Provide planters along Lorain Avenue between W.20th Street and W.24th Street. Establish visual connections between the RTA station, the new public green space, the West Side Market area, and Market Square Plaza.
- Extend the Lorain-Carnegie bikeway westward to the new public green space. Provide bikeway connections west to W.25th Street and north toward the Cuyahoga Metropolitan Housing Authority (CMHA) property and the future network of bicycle and pedestrian facilities proposed by the Canal Basin District Plan as well as the Lake Link Trail and the Detroit-Superior bikeway.

### East of W.25th Street and North of West Side Market

Changes in development are not recommended in this area based on the study analysis. The CMHA facilities, the urban garden and the church property should be maintained.

### West of W.25th Street

There is the potential for infill development to the west of W.25th Street and south of Lorain Avenue. Redevelopment to provide 200 to 300 multi-family residential dwelling units may be appropriate. These units could be accommodated with buildings up to eight stories tall. Zero lot line buildings are recommended with surface parking located in the rear of the buildings.

## 5.3 Infrastructure Improvements

Transportation infrastructure improvements were developed that are consistent with the potential development in the area. Recommendations will enhance accommodations for all travel modes in this area - vehicular, bicycle, pedestrian and transit. Streetscape improvements are incorporated since they directly impact bicycle and pedestrian accommodations as well as enhance the pedestrian realm and provide the recommended gateway.

### Roadway

The W.25th Street Station is currently surrounded by a sea of pavement. Reconfiguration of the roadway network will provide a much more pedestrian-friendly environment and do much to make the station feel closer to the surrounding neighborhood. The recommendations for roadway reconfiguration include a number of elements.

**Reconfigure Lorain Avenue**: Currently, Lorain Avenue functions as a 5-lane road in the study area, however, the lanes are much wider than standard. Reducing the roadway width to standard lane dimensions will allow some of the paved area to be used for streetscape, and it will significantly reduce

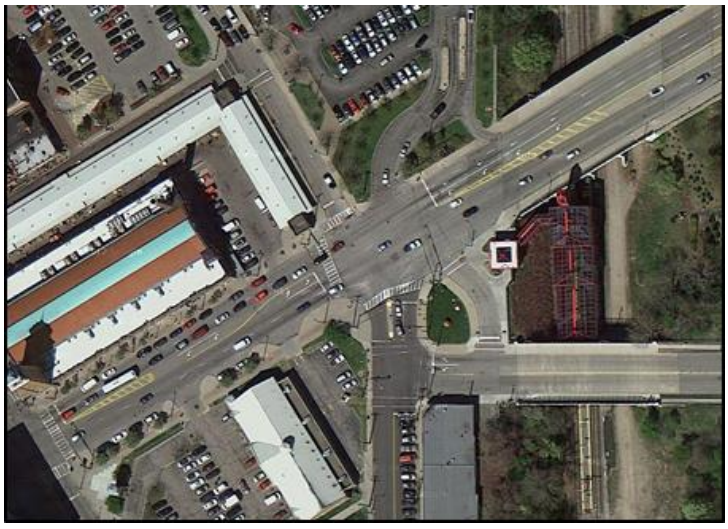
the pedestrian crossing distances at the Lorain Avenue / W.24th Street-Gehring Street intersection. It will also allow for the extension of the Lorain-Carnegie Bikeway from W.20th Street to W.24th Street. Additionally, the isolated on-street parking spaces located on the south side of Lorain Avenue just east of W.25th Street should be removed. The dimensions of these spaces are non-standard, making it challenging for drivers to use them effectively. These spaces would be better and more effectively used for streetscape.

Recently, the city has removed the westbound left turn restriction at the W.25th Street / Lorain Avenue intersection as part of the Innerbelt project. The city has indicated that this turn prohibition will not be but back into effect after the Innerbelt construction is complete. As such, an exclusive westbound left turn lane should be provided at the W.25th Street / Lorain Avenue intersection, with the associated signal timing and phasing adjustments, as appropriate.

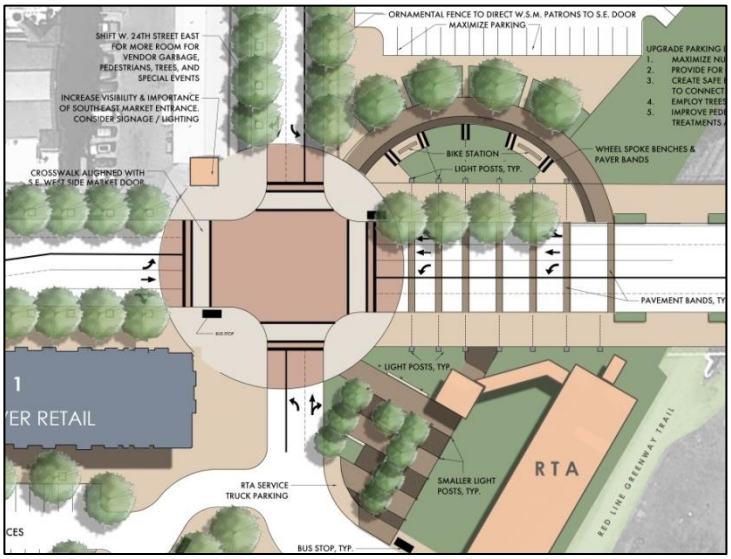
**Realign Lorain Avenue / W.24th Street-Gehring Street Intersection**: As previously mentioned, the multiple West Side Market parking area driveways should be consolidated into a single point of access. This access should be provided at W.24th Street. As a complementary action, the Lorain Avenue / W.24th Street-Gehring Street intersection should be realigned to create a standard, 4-legged intersection with cross streets that intersect at right angles. Additionally, it would be beneficial to shift the intersection to the east to provide a bit of a buffer between the West Side Market and the access drive, as well as improve the layout of Abbey Avenue and Gehring Street on the south side of the intersection.

**Close Gehring Street**: One development concept is based on closing Gehring Street. This would facilitate optimal development of the Market Plaza area, which is discussed in more detail in Section 5.5. A traffic study is needed to evaluate the feasibility of closing Gehring Street.

**Existing and Proposed Configuration**
**Lorain / W.24th St-Gehring Intersection**



**Existing Roadway Configuration**

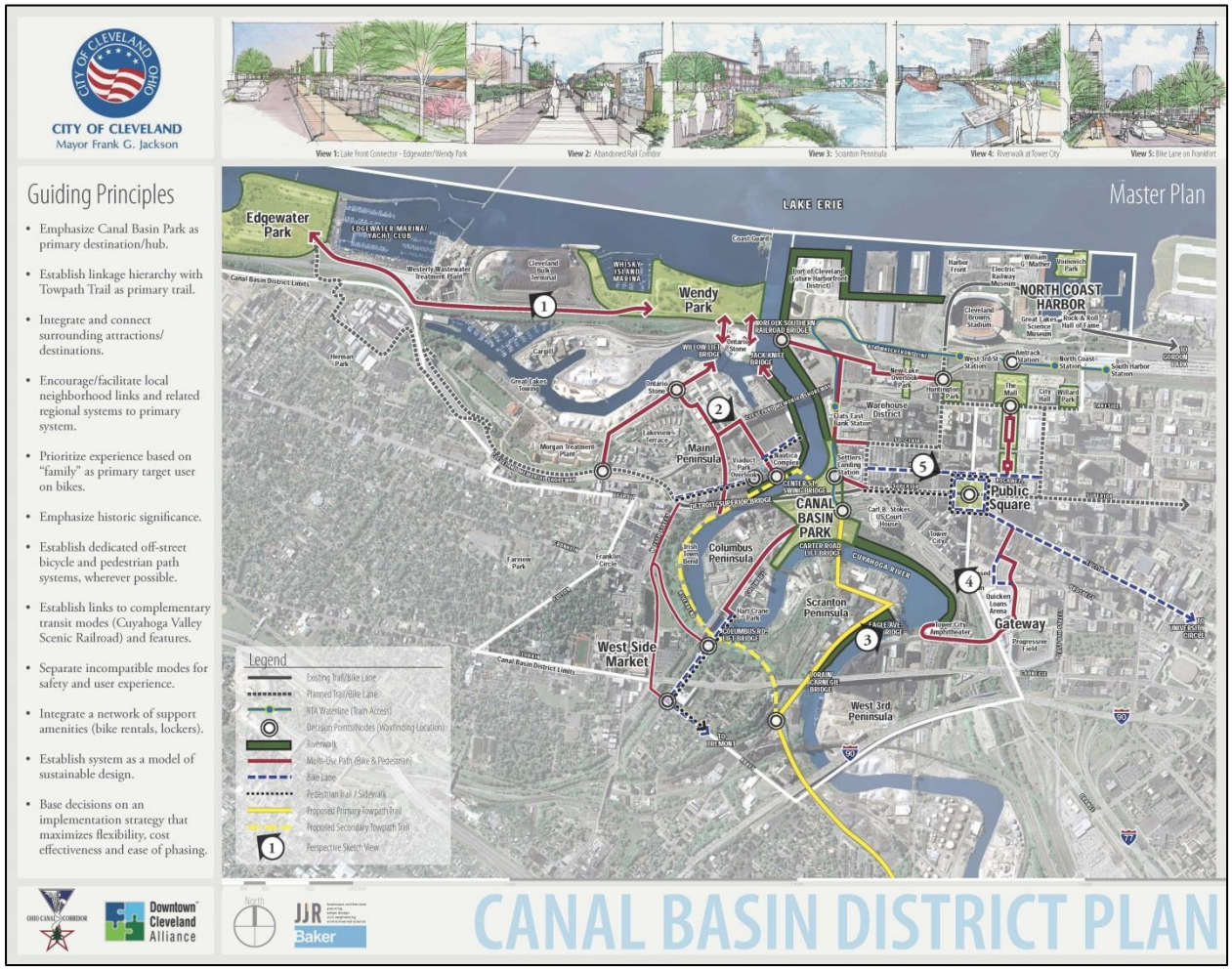



**Proposed Roadway Configuration**

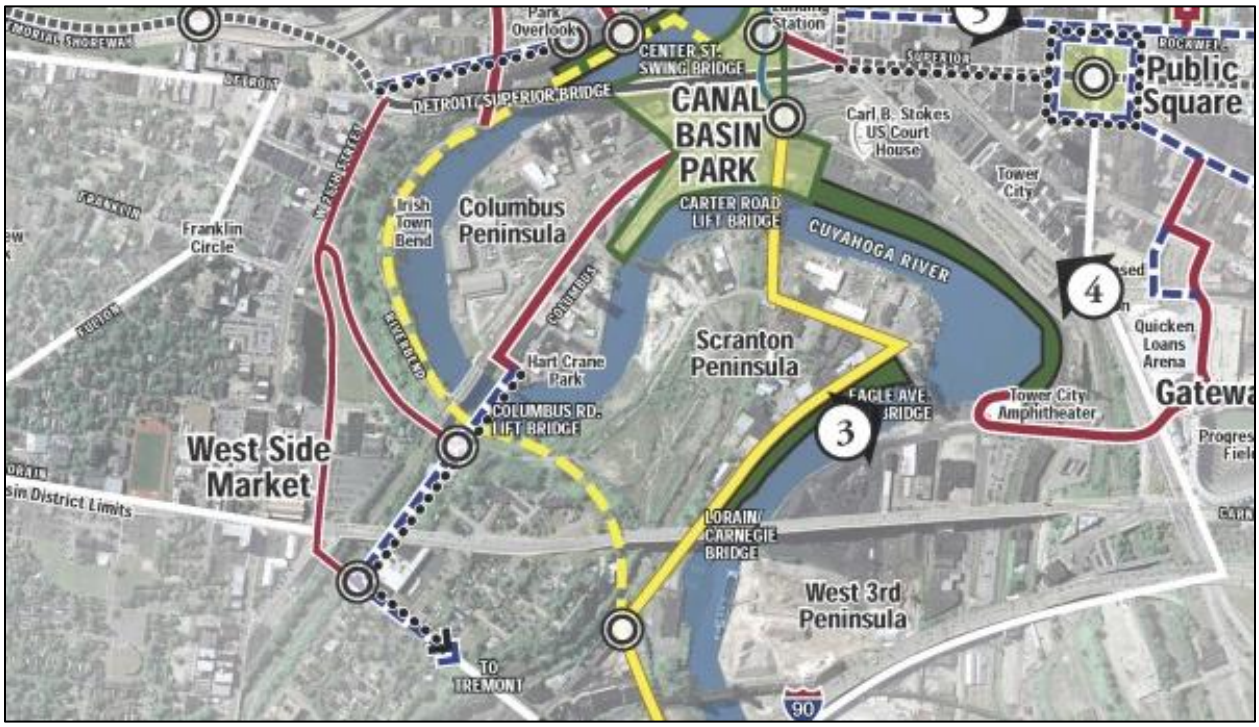
## Bicycle and Pedestrian Treatments

Recent projects and the analysis documented in previous studies served as the basis for bicycle and pedestrian network analysis and improvements. This includes the Market District TLCI Study, the Canal Basin District Plan, and the Lorain-Carnegie Bikeway project. Recommendations for bikeways within the TOD area are listed below. These bikeways would complement the existing bikeway plans, including the Canal Basin District Plan (CBDP) as shown in the image below.

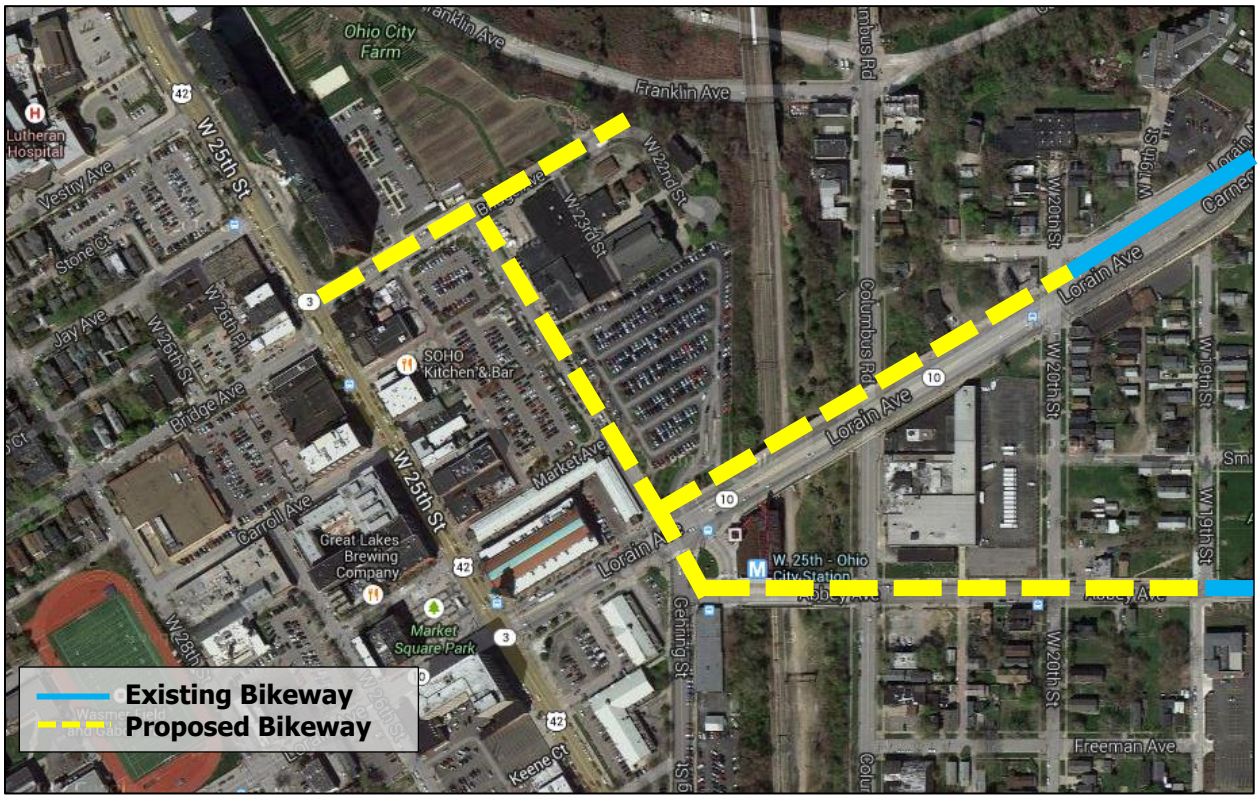
- **Duck Island**: Facilitate bikeway connections to Abbey Avenue and Tremont via Abbey Avenue-W.20th Street-Lorain Avenue, Wiley Avenue to RTA Station, and the Towpath Trail.
- **North of Lorain Road and East of RTA**: Establish bikeway connections by extending the Lorain-Carnegie Trail, providing connections to Towpath, and connecting to Tremont via W.20th Street-Abbey Avenue.
- **West Side Market Area:** Establish bicycle parking.
- **East of W.25th Street and North of West Side Market:** Facilitate non-motorized access by extending the Lorain-Carnegie Trail to north CMHA, west to W.25th Street and supporting a connection to the Lake Link Trail.




**Canal Basin District Plan (CBDP)**




**Enlarged View of Canal Basin District Plan in TOD Area**




**Proposed Bikeways in TOD Area**

## Streetscape

Landscape and streetscape enhancements along Lorain Avenue and at the W.25th Street Station will significantly improve the livability in the study area, and making the RTA Station feel like it is an integrated part of the neighborhood with an enhanced pedestrian realm. Streetscape and landscape should be used to create a viable that establishes a visual connection between the RTA station, the proposed park, the West Side Market and Market Square Plaza. Although specific locations are identified in the previous text, additional information on streetscape elements is provided below.

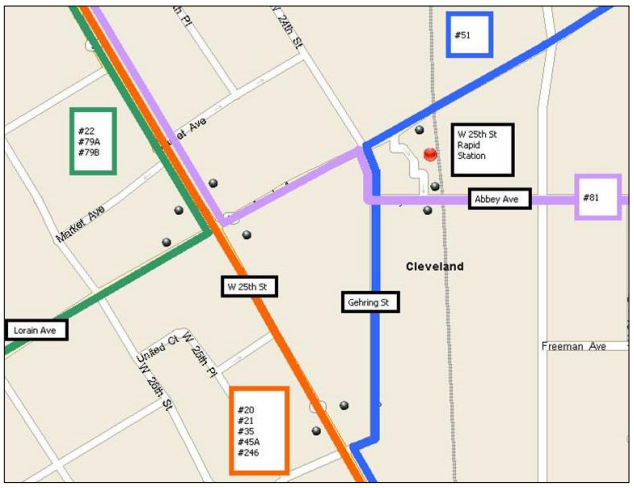
- Sustainable "green" features should be employed. For example, trees and green infrastructure (bioretention, etc.) would clean and infiltrate water, reduce heat island effects, and create a people-scaled space.
- Streetscape elements could be used to encourage outdoor dining and gathering areas through seating, trees and other plantings, pavement treatments.
- Use of pavement treatments, planters and lighting would improve the pedestrian experience in the TOD area.
- The Market Square Plaza could be enhanced by a water feature located on the southeast corner of W.25th Street / Lorain Avenue.
- Creating a gateway on Lorain Avenue is important in establishing the entry into the Market District area, particularly for motorists approaching from downtown Cleveland.
  - The gateway begins at W. 20th, Street. Provide treatments that begin signifying the arrival to the Market District to slow motorists. Pavement treatment and trees at W. 20th Street would provide a "soft/minor gateway".
  - Extend the Lorain-Carnegie Trail along the north side of Lorain Avenue between W.20th Street and W.24th Street and enhance the pedestrian way along the south side of Lorain Avenue. Add streetscape elements such as planters and railing; add green features and color; and reduce the bridge to people-scale.
  - Create a formal gateway at the W.25th Street Station and the West Side Market. Use a variety of elements to proclaim arrival at the Market District.
    - Light posts and consistent materials across and on both sides of Lorain
    - Bike park contains bike parking, bike share station, and gathering/dining areas
    - Rapid transit plaza shortens distance between station, Market District, and Tremont

# 5.4 Station Area Improvements

## RTA Service

RTA's bus and rail transit operations were examined and methods to maximize transfers and flow were developed. Recommendations are:

- Enhance bus/rail transfers by collocating transit stops for Routes #51 and #81 with the W.25th Street Station.
- Remove the Kiss-n-Ride area. Provide parking for RTA maintenance vehicles on Abbey Avenue side of the station.
- If Gehring Street is closed as part of the TOD redevelopment, shift Route #51 to travel through the W.25th Street / Lorain Avenue intersection and relocate the Market District transit stop to southbound W.25th Street just south of the Lorain Avenue intersection.



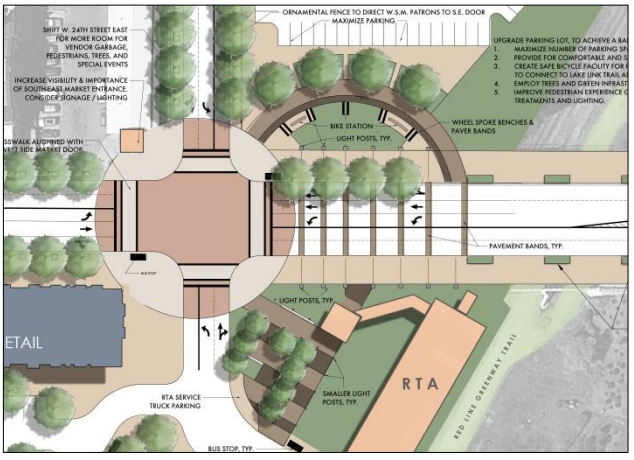

**RTA Service in TOD Area**

- If Gehring Street remains open, consider rerouting Route #51 off Gehring Street to W.25th Street (as if Gehring were closed, described above) to enhance the pedestrian environment. Acceptable traffic operations at the W.25th Street / Lorain Avenue intersection should be confirmed to ensure acceptable traffic operations. If Route #51 remains on Gehring Street, provide on-street parallel parking to minimize conflicts with bus operations.

## W.25th Street Station

Create visual linkages between the station and the neighborhood through streetscape elements and other treatments to improve the pedestrian and transit rider experience.

- Create a public plaza in place of the vacated Kiss-n-Ride. Provide covered bicycle parking along with other pedestrian and bicycle amenities in the plaza.
- Construct a covered walkway to give the feeling of extending the head house southward toward Abbey Avenue and westward toward W. 24th Street-Gehring Street.




**W.25th Street Station Area Improvements**

- Landscape the area on the hillside to the west of the RTA tracks to improve the transit rider experience as they are waiting on the station platform.
- Integrate station planning with the Red Line Greenway plans

## 5.5 Market Square Plaza Redevelopment Concepts

### Concept A (Gehring Vacated)

The potential of closing Gehring Street to through traffic was proposed to maximize redevelopment opportunities on the Market Square Plaza site. The existing roadway footprint would be repurposed for local circulation within redeveloped site as well as direct access to surface and structured parking. Vacation of Gehring will potentially allow for more development flexibility as the site becomes one parcel. Access to the RTA station would still be provided via Abbey Avenue but Route #51 would be rerouted through the W.25th Street / Lorain Avenue intersection. A traffic study is required to assess the viability of this change to the transportation network.

The redevelopment could be implemented in phases. This would allow existing businesses on the site to relocate in place and it would provide other economic benefits associated with phasing a development.

#### Concept A, Phase 1

Create a residential over retail building with a maximum density of retail and residential units so that parking for the new development can be accommodated with surface parking.

- 16,000-19,000 square feet of retail
- 90-96 residential units
- 150- 160 surface parking spaces

#### Concept A, Phase 2

Add a second retail over residential building; the increased development density will require structured parking. Note that the land area made available by vacating Gehring Street will allow for structured parking to be 120 ft wide for maximum efficiency. It will be necessary to acquire the West Side Market tenants' parking lot for the parking garage.

- 10,000-14,000 square feet of retail
- 36-48 additional residential units
- Structured parking – 5 levels at 90 cars per level yields (450 parking spaces)

#### Concept A, Phase 3

Add a third retail over residential building. Parking will be provided by the parking garage.

- 10,000-15,000 square feet of retail or live work on ground floor
  - Retail may be viable along Abbey
  - Live /Work may be feasible on ground floor facing surface parking
- Approximately 100 additional residential units (5 levels at 20 units per level); this could potentially be a taller more dense building depending on how the market responds to the earlier phases. Great downtown skyline views will be available from this building.
- Property for the Phase 3 mixed use building would need to be acquired from Bernzweig Supply.


**Concept A – Phase 1**


**Concept A – Phase 2**


**Concept A – Phase 3**

## Concept B (Gehring Remains)

Although redevelopment preferences are to close Gehring Street, it may be necessary to maintain it as a functional street to accommodate traffic volumes and associated travel patterns in the area. In Concept B, Gehring Street would remain open but the character of the street would be modified to better fit within the atmosphere of the transit-oriented development. It would be configured to feel like a neighborhood street and function as a complete street, where all travel modes are effectively accommodated. Like Concept A, the redevelopment proposed in Concept B could be implemented in phases. This would allow existing businesses on the site to relocate in place and it would provide other economic benefits associated with phasing a development. However, with Gehring Street open there will be potentially less development flexibility as the site is divided into two parcels.

### Concept B, Phase 1

Create a residential over retail building with a maximum density of retail and residential units so that parking for the new development can be accommodated with surface parking. This phase of development is minimally different from Concept A, Phase 1.

- 16,000-19,000 square feet of retail
- 90-96 residential units
- 138-145 surface parking spaces

### Concept B, Phase 2

Add a second retail over residential building; the increased development density will require structured parking. Because Gehring Street will remain in place, the width available for structured parking is reduced to less than 120 ft, which will be less efficient as angled parking will be required; alternate ramping schemes would need to be studied to develop a feasible garage scheme. As with Concept A, it will be necessary to acquire the West Side Market tenants' parking lot for the parking garage.

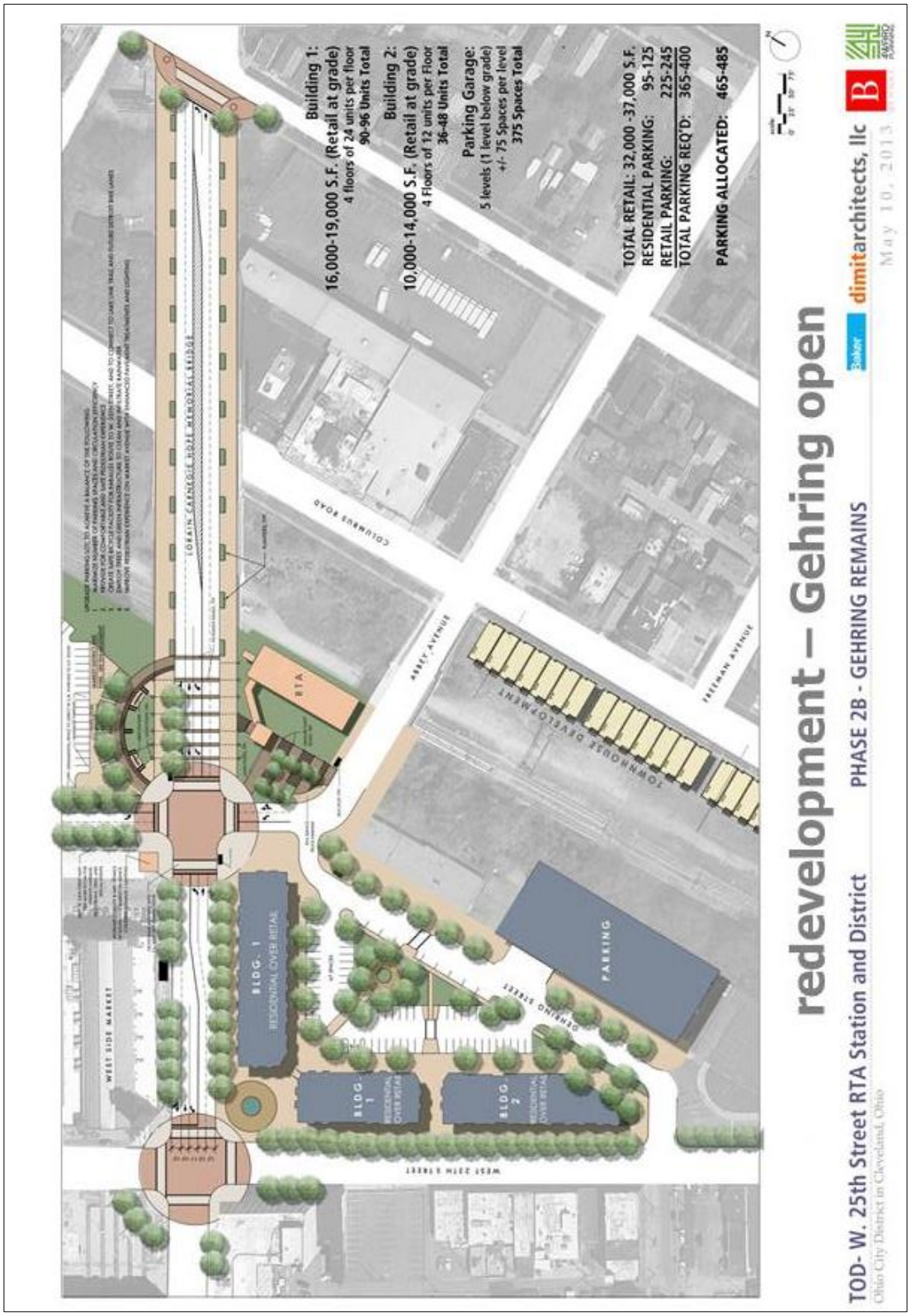
- 10,000-14,000 square feet of retail
- 36-48 additional residential units
- Structured parking – 5 levels, yield per level will be determined based on the optimal ramping scheme and parking area layout to maximize efficiency in the reduced-width garage. The number of spaces will depend on the parking structure layout, which will be determined in the design phase as the project moves forward. However, it is likely that the structure would provide about 375 spaces, with 75 spaces per level.

### Concept C, Phase 3

Add a third retail over residential building. Parking will be provided by the parking garage.

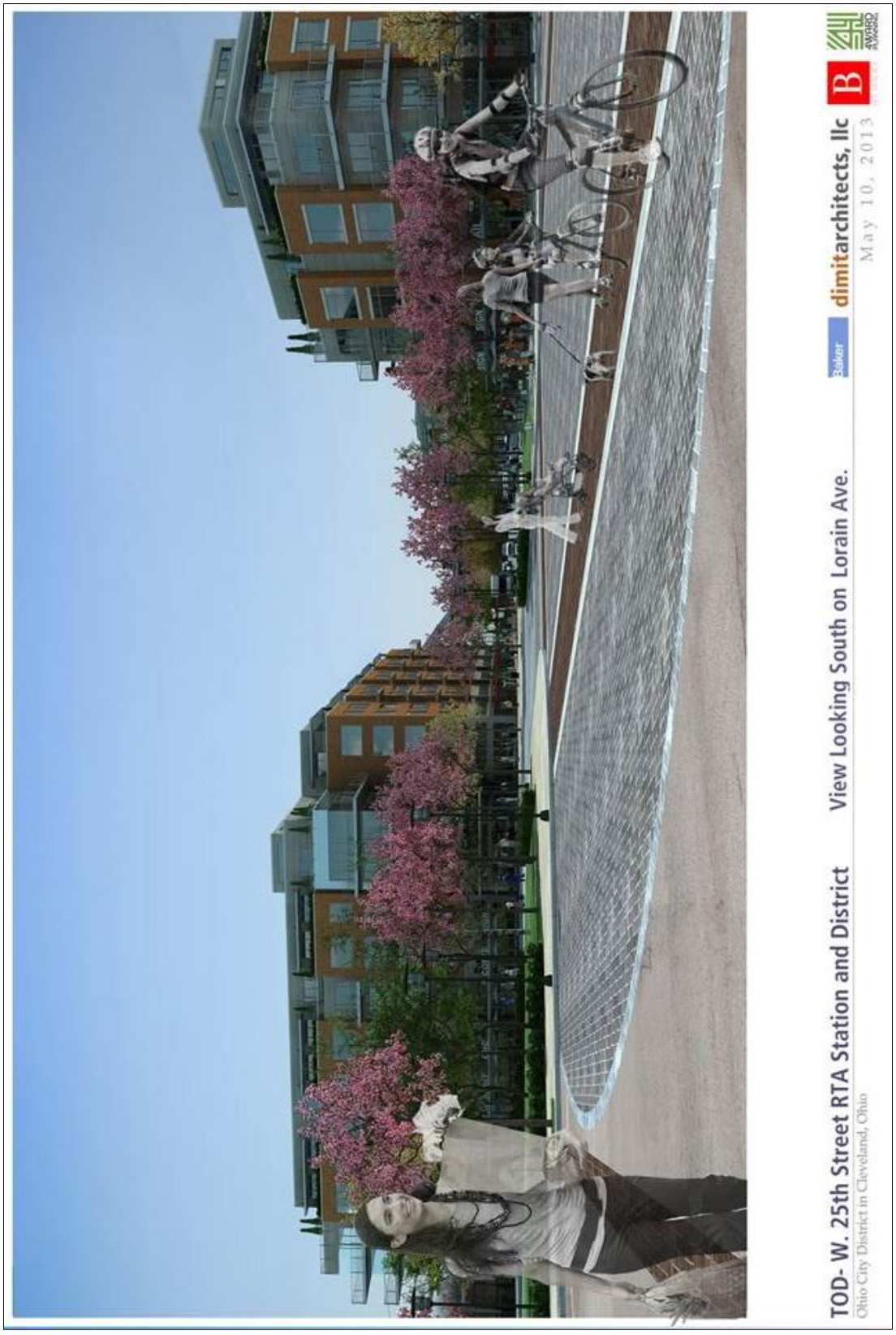
- 10,000-15,000 square feet of retail or live work on ground floor
  - Retail may be viable along Abbey
  - Live /Work may be feasible on ground floor facing surface parking
- Approximately 100 additional residential units (5 levels at 20 units per level); this could potentially be a taller more dense building depending on how the market responds to the earlier phases. Great downtown skyline views will be available from this building.
- Property for the Phase 3 mixed use building would need to be acquired from Bernzweig Supply.

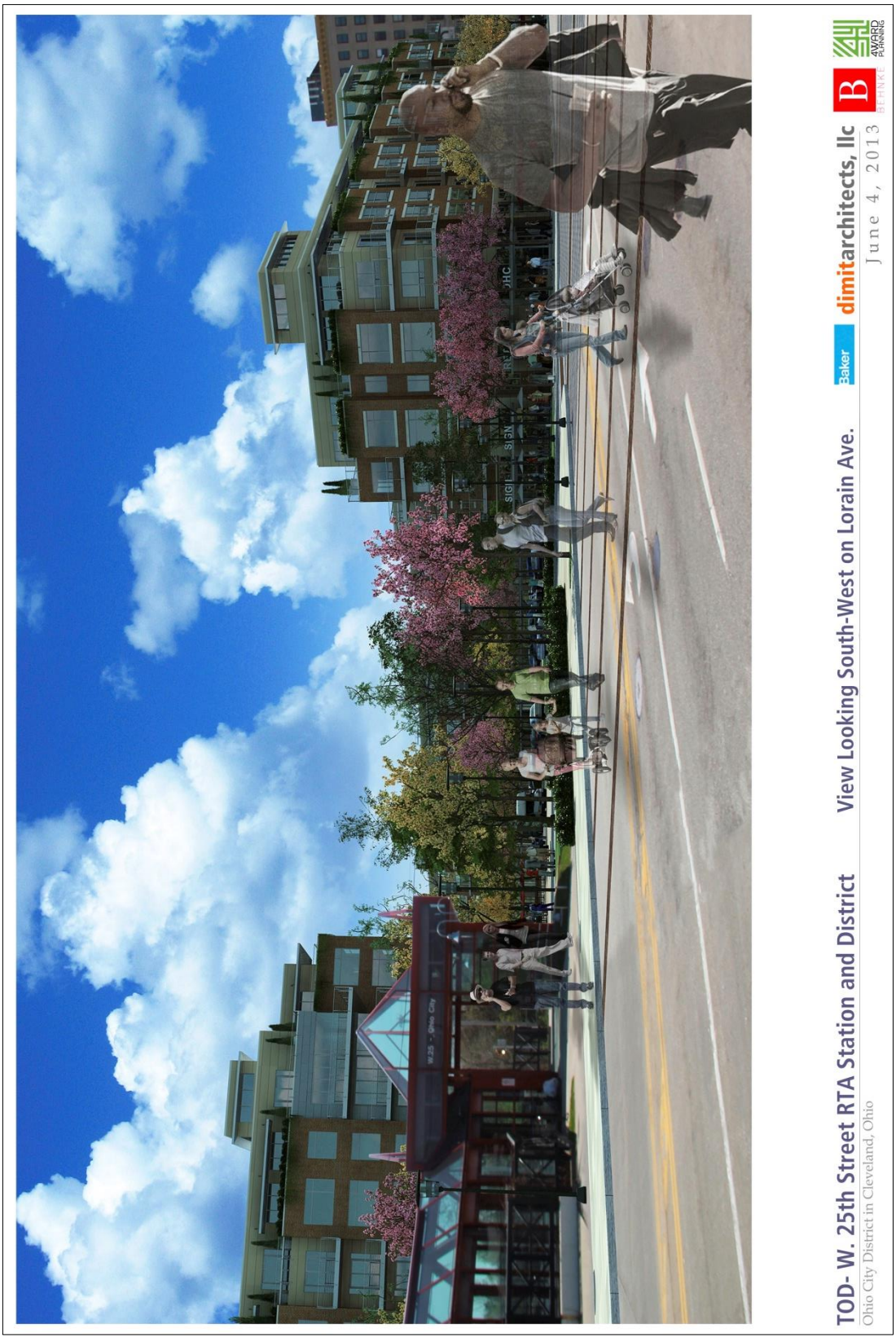

**Concept B – Phase 1**

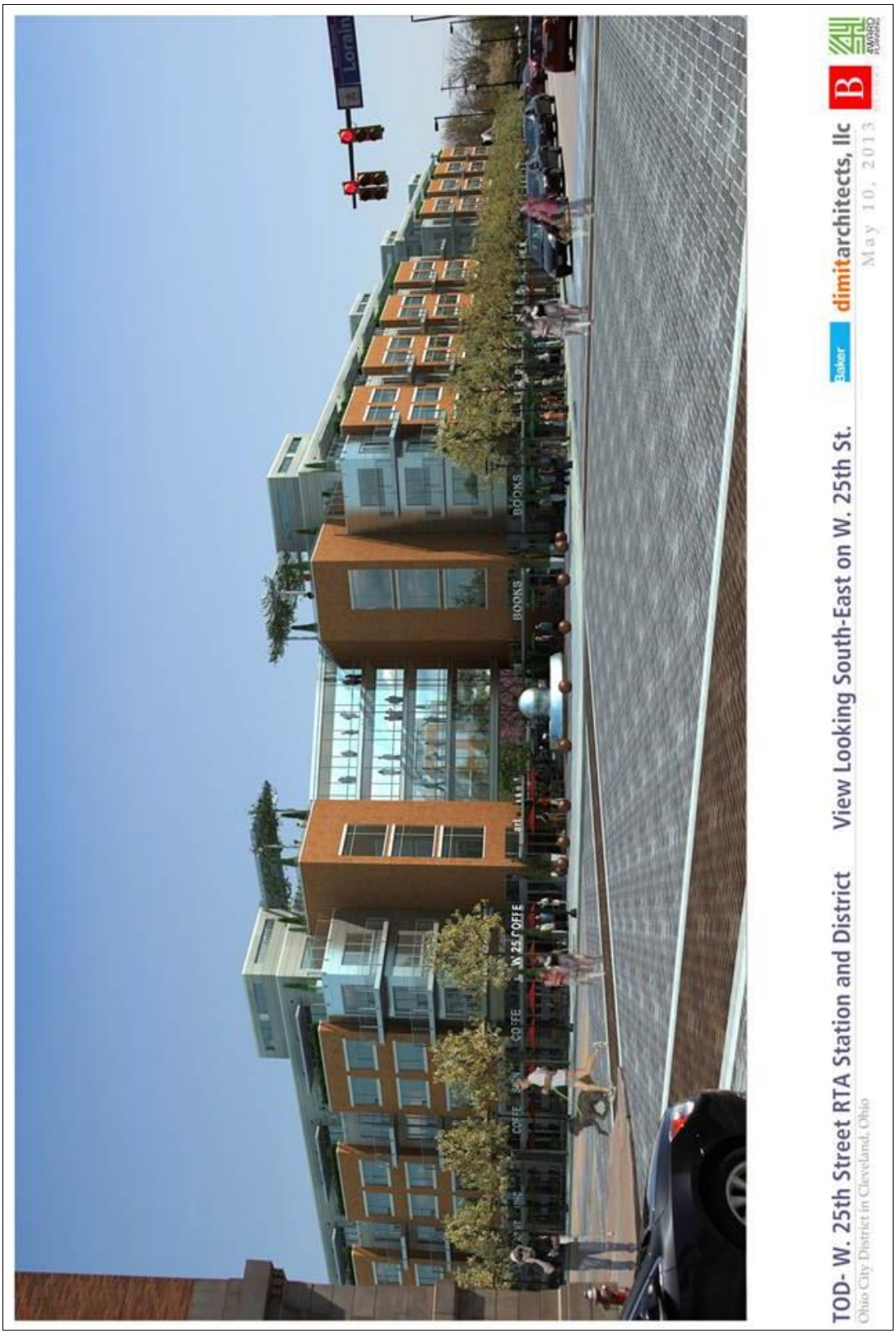



**Concept B – Phase 2**


**Concept B – Phase 3**


TOD- W. 25th Street RTA Station and District
Ohio City District in Cleveland, Ohio
View Looking South on Lorain Ave.
Baker
dimitarchitects, llc
May 10, 2013


TOD- W. 25th Street RTA Station and District
Ohio City District in Cleveland, Ohio
View Looking South-West on Lorain Ave.
Baker
dimitarchitects, llc
4WARD PLANNING
June 4, 2013


TOD- W. 25th Street RTA Station and District
Ohio City District in Cleveland, Ohio
View Looking South-East on W. 25th St.
Baker
dimitarchitects, llc
May 10, 2013
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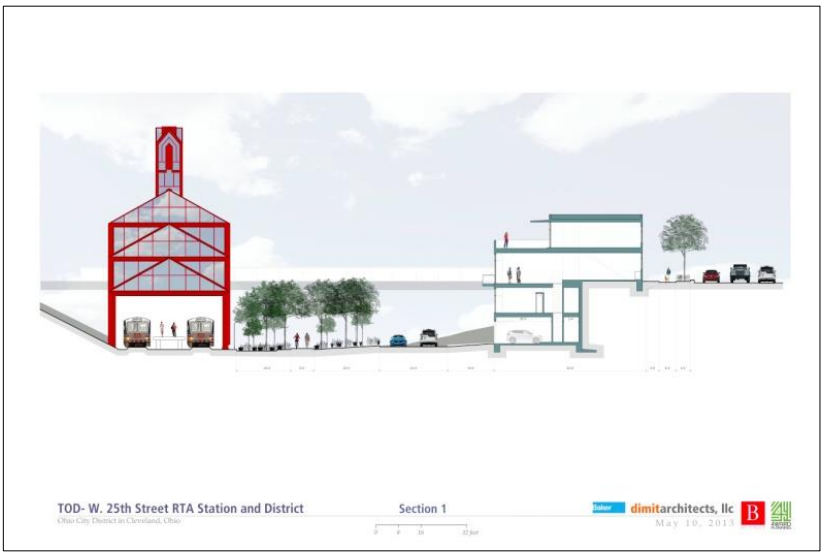
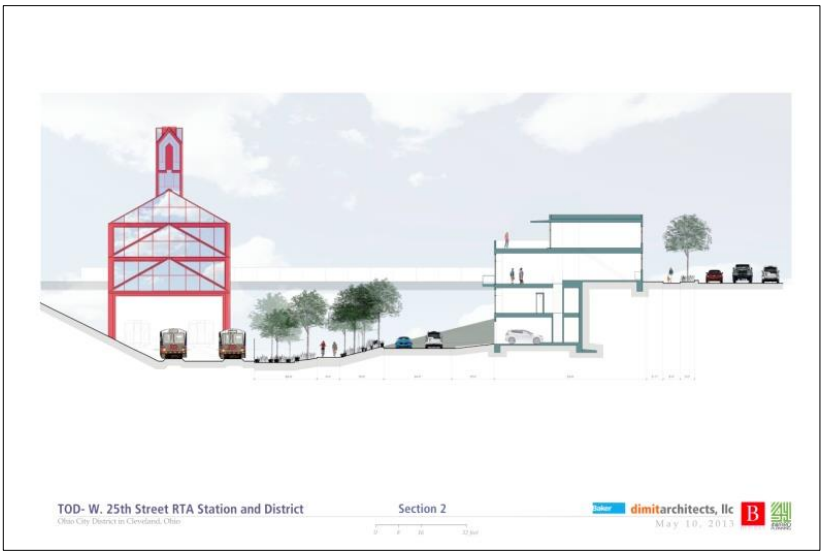
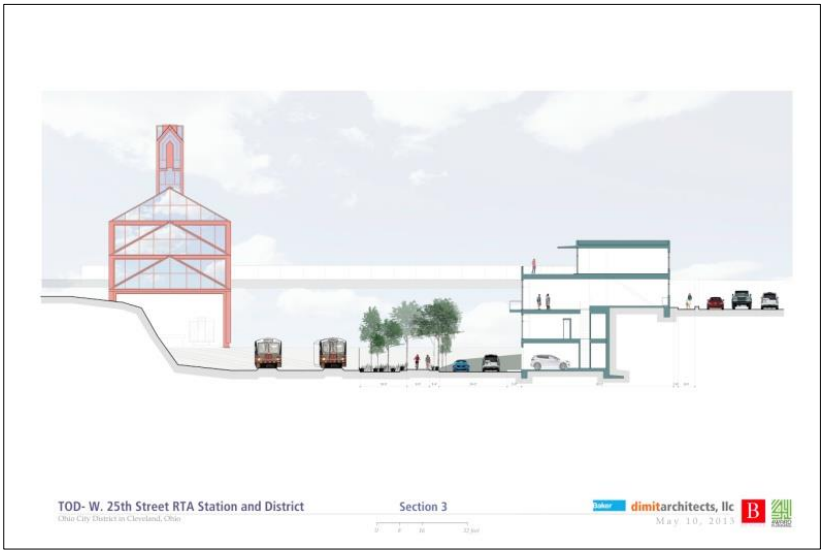
## 5.6 Potential Columbus Road Residential Development

The land between the RTA tracks and Columbus Road could be redeveloped as high-density residential, with the potential for townhome development. Given the geographic features, it would be feasible to provide rear entry to the townhomes via shared use of the roadway that is also used to access and maintain RTA facilities. The townhomes would also border the proposed Red Line Greenway Trail that is planned to run parallel to and along the east side of the RTA tracks. Residential development of this type and in this location would be consistent with TOD strategies and would effectively expand residential access to the W.25th Street Station.

**Potential Townhouse Development Site**




**Concept for Columbus Road Townhomes**

# 6 Implementation

Any viable TOD plan will encompass an innovative and ambitious proposal that will challenge community leaders and residents throughout the implementation process. This plan will serve as a blueprint to local officials and decision-makers on how to determine the correct market-timing for development, the approach and logistics of enhancing the W.25th Street Station, the cost-benefit of supporting policy, and responsible parties.

Implementation of this plan must consider the phasing of the transit, streetscape and infrastructure improvements along with the transit-oriented development. Additionally, timing, funding requirements, and conditions most favorable for executing various elements of the plan must be considered. During the plan development process, these considerations were incorporated into concept development. As such, elements of the plan can be implemented independently. This is crucial, as a variety of agencies and owners would be involved in the various phases of the plan. For example, RTA can move forward with the recommended improvements to the station and the surrounding area without depending on roadway infrastructure changes. Similarly, the recommendations for modifications to Lorain Avenue and the W.25th Street / Lorain Avenue and Lorain Avenue / W.24th Street-Gehring Street intersections and the streetscape recommendations could be implemented by the city with or without the other proposed improvements. However, it would be beneficial to develop a cohesive design plan that incorporates the multi-faceted recommendations to ensure development of the most functional and effective design with construction then following in an appropriately phased and funded plan that addresses the needs of the agencies and owners involved in each area of the plan.

# Appendix A: Real Estate Trends & Supply-Demand Analysis

# West 25th Street Station TOD Plan: Real Estate Market Study

Cleveland, OH

Prepared for: Michael Baker Inc.

December 19, 2012

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™

# Table of Contents

# Key Findings - Residential

## Strong inventory growth

Nearly 500 new multi-family rental units entered the Downtown Submarket in 2009, which amounted to strong growth rates for the three- and five-year periods. Reis projects more modest growth through 2016.

## Low vacancy

Despite a recent history of high vacancy rates, the multi-family rental vacancy rate in the next five years is projected to be well below four percent. Such a low vacancy rate indicates a tight multi-family rental market.

## Four percent

The projected annualized increase in effective monthly rent in the Downtown submarket through 2016, which suggests a tightening multi-family rental market. Loopnet reports average asking rent for a two bedroom apartment within the Downtown Submarket at $1,346 per month, 10 percent higher than Reis reporting of effective rent.

## $45 per Square Foot

The average sales price for low-rise, mid-rise and duplex/triplex/fourplex residential properties within five miles of the W. 25th Street station.

# Key Findings - Office

## Less than one percent

The average growth rate of office space inventory for the Downtown Submarket in the last five years is 0.6 percent. However, with significant new inventory on the market in the last year, the growth rate for the last year alone increased to 3.3 percent. However, this pattern is not projected to continue.

## $18 per square foot

The average asking rent for office space in the Downtown Submarket - a figure that rose by one percent in the last year. Rents in the W. 25th Street Station area are far lower.

## Stubbornly High

The Downtown Submarket has experienced a steady increase in office space vacancy over the last five years, rising to over 21 percent. The submarket has exhibited higher vacancy than the Cleveland MSA, the Midwest, and the United States throughout the past five years. This trend does not bode well for new office in the area surrounding the West 25th Street Station area.

# RESIDENTIAL TRENDS ANALYSIS



4WARD PLANNING™

# Methodology - Key Steps for Analyzing Trends

4ward Planning utilized Reis, a nationally recognized supplier of office, retail, industrial, and multi-family rental data, to identify submarket real estate trend data (multi-family residential and office). In addition to analyzing Reis multi-family rental apartment data, 4ward Planning's third party data review included Loopnet.com and Apartments.com.

4ward Planning focused on the following metrics:

- Change in Unit or Square-foot Inventory: Indicates, in broad terms, whether new real estate construction has been active in the area.
- Year-over-Year Vacancy Rates: Combined with absorption as a percent of occupied stock, this metric signals whether new construction is being leased and occupied (signaling high demand), or whether it remains vacant (signaling an over-supply of real estate).
- Absorption as a Percent of Occupied Stock: Absorption as a percent of occupied inventory reflects the net square footage which has either become occupied (positive absorption) or vacant (negative absorption) during the time period, expressed as a percentage of occupied total unit inventory at the end of the time period.
- Effective Monthly or Annual Rent: A measure of the relative value of real estate within the area.
- Existing Properties: Additionally, the location and character of currently available properties is examined using industry products.

# Residential Submarket

The Submarket is compared to the nearest metropolitan area as well as the larger region and the nation. The Downtown/The Flats/Warehouse District Submarket (hereinafter "Downtown") identified by Reis is delineated in the map at right and by the following criteria:

- Lake Erie Boundary
- Northwest Freeway
- Interstate 90
- West 45th Street


Source: Reis, Bing Maps

# Apartment Inventory

According to Reis, apartment inventory change in the Downtown Submarket exhibited positive growth in the last five years and the Submarket has outperformed the apartment market in the Cleveland MSA, the Midwest Region and the United States. This inventory growth is a result of nearly 500 multifamily residential units coming to market in 2009 (for a total of 4,263 multifamily units). Reis projects the Downtown Submarket to experience relatively weak growth in multi-family rental inventory through 2016 - outperforming the Cleveland MSA, but not the Midwest or Nation. According to published reports, nearly 100 units are expected to start construction in 2013. Interviews with local planning representatives indicates the forecast for multifamily residential could be stronger than Reis projections.

Table B-1: Inventory Growth Rates

| | Inventory Growth Rates | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Quarterly | | | Annualized | | 5 Year |
| | 2012 | 1Q12 | YTD Avg | 1 Year | 3 Year | 5 Year | Forecast |
| Downtown/The Flats | 0.0% | 0.0% | 0.0% | 0.0% | 3.9% | 2.1% | 0.5% |
| Cleveland | 0.1% | 0.0% | 0.0% | 0.0% | 0.2% | 0.2% | 0.2% |
| Midwest | 0.0% | 0.1% | 0.1% | 0.3% | 0.4% | 0.3% | 0.7% |
| United States | 0.1% | 0.1% | 0.1% | 0.4% | 0.9% | 1.0% | 1.2% |
| Period Ending: | 6/30/12 | 3/31/12 | 6/30/12 | 12/31/11 | 12/31/11 | 12/31/11 | 12/31/16 |

In contrast to other geographies, the Downtown submarket has seen strong growth in the past three and five years, although growth was flat in the last year.

Source: Reis; 4ward Planning LLC 2012

# Apartment Vacancy Rate

Reis reports the local sub-market area apartment vacancy rate fluctuated from second-quarter 2008 to second-quarter 2012. Vacancy peaked at 12.2 percent in 2010 before falling to four percent by second quarter 2012, the lowest vacancy level in the five-year period. The spike in the 2010 vacancy rate correlates to the delivery of 500 units to the local housing market. Reis forecasts apartment vacancy rates will continue to fall in the sub-market area and remain relatively tight (below four percen) over the next five years.

Figure 1: Downtown Submarket Residential Year-over-Year Vacancy Rates

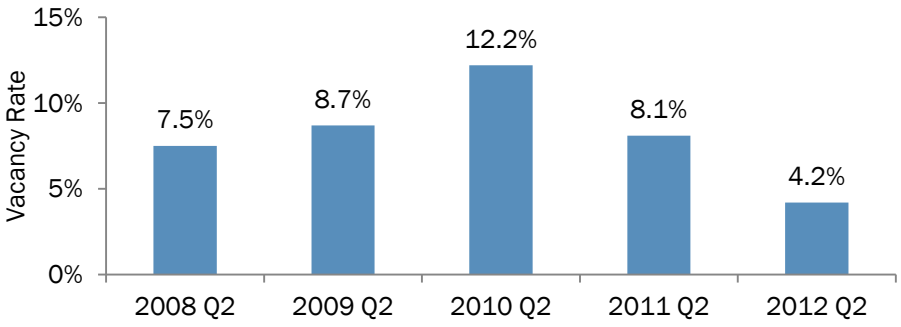
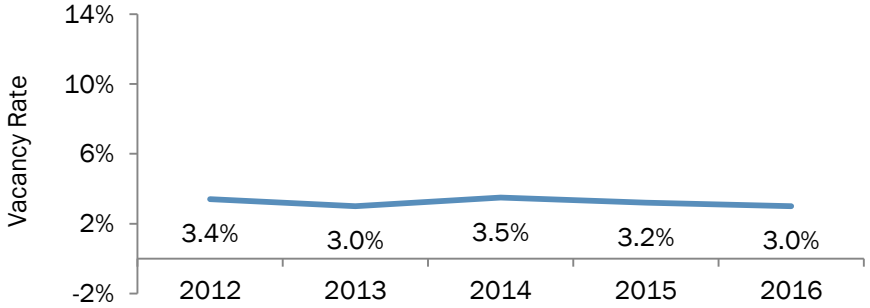



Figure 2: Downtown Submarket Projected Year-over-Year Vacancy Rates




Source: Reis; 4ward Planning LLC 2012

# Apartment Absorption

Apartment absorption, as a percent of occupied units, was at its lowest (that is, more units became available than were rented) in second quarter 2009 in the Downtown Submarket. This is reflective of the 500 units delivered to market that year. However, as those units filled, absorption rose to 0.9 percent in 2010. Reis projects apartment absorption to peak at 2.9 percent in 2012 then decrease over the next four years to a relative flat absorption pace in 2016 (0.2 percent). However, nodes of residential development, such as near rail stations, will likely fare better than the host sub-markets, given the advantage of commuter rail access and other nearby service amenities.

Figure 3: Downtown Submarket Absorption as a Percent of Occupied Inventory

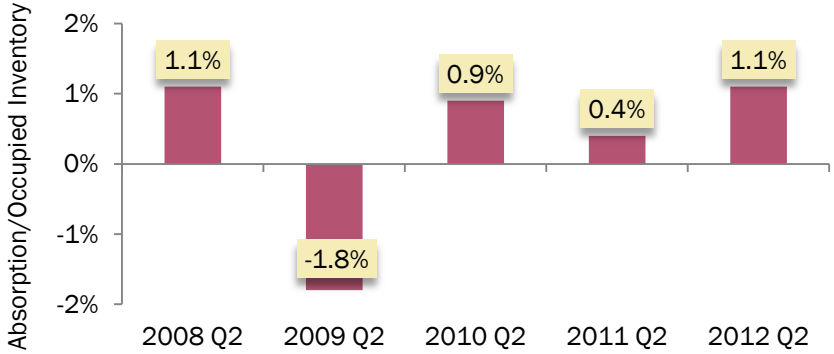
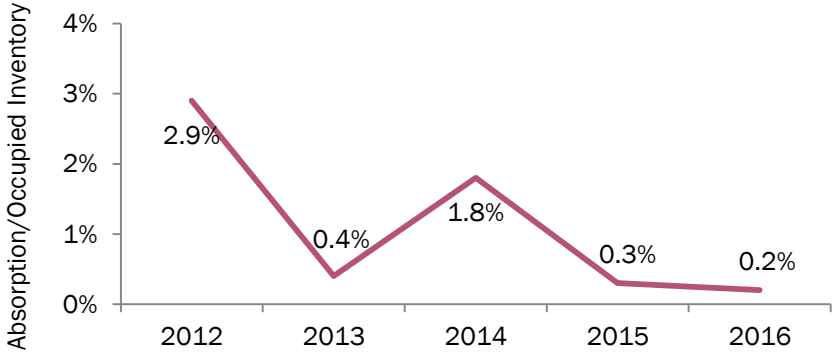



Figure 4: Downtown Submarket Projected Absorption as a Percent of Occupied Inventory




Source: Reis; 4ward Planning LLC 2012

# Apartment Effective Monthly Rent

The apartment effective monthly rent in the Downtown submarket increased to $1,090 in second-quarter 2012, according to Reis; this is a two-percent increase over second-quarter 2011 effective rents. Between 2009 and 2011, rents in the submarket decreased modestly, concurrent with the worst of the economic recession, before increase, again. Reis projects effective monthly rents in the Downtown submarket will rise by four-percent per year, on average, over the next five years. The projected increase in effective rent, combined with low vacancy rates, suggests tight inventory and a strong multi-family rental demand. This observation has been confirmed by interviews with area employers who report workers are challenged to find nearby housing which is both of quality and affordable.

Figure 5: Downtown Submarket
Effective Annual Rent

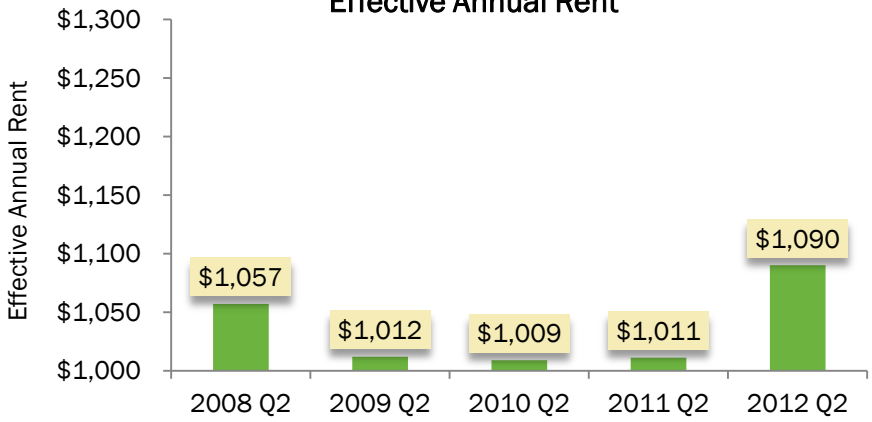
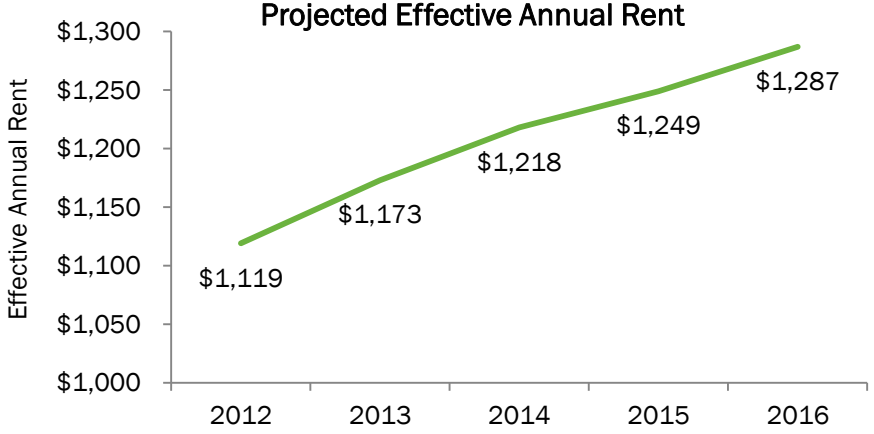



Figure 6: Downtown Submarket
Projected Effective Annual Rent




Source: Reis; 4ward Planning LLC 2012

# Apartment Characteristics – For Rent

According to data provided by Apartment.com, as of November 2012, there were ten multi-family rental properties in the Downtown submarket, inclusive of The Flats, Warehouse District and Downtown neighborhoods. Average rents for properties currently on the market falls between $685 for a studio apartment and $1,876 for a three-bedroom unit. In addition to the average rents and prices listed below, the Langton Apartments also has four-bedroom apartments available at an average rent of $1,550. Average price per square foot ranges from $1.04 to $1.81, inclusive of four-bedroom units. The average rent currently being sought is approximately 10 percent higher than the effective monthly rent for second quarter 2012 reported by Reis.

Table 2: Multi-family Rentals in Downtown Submarket, as of November 2012

| Name | City | Studio | | 1 Bedroom | | 2 Bedroom | | 3 bedroom | |
|---|---|---|---|---|---|---|---|---|---|
| | | Rent | Average Price per SF | Rent | Average Price per SF | Rent | Average Price per SF | Rent | Average Price per SF |
| Reserve Square | Cleveland | $703 | $1.25 | $780 | $1.17 | $1,195 | $1.01 | $1,560 | $0.97 |
| The Langston Apartments | Cleveland | $800 | $1.76 | $1,051 | $1.55 | $1,129 | $1.49 | $1,360 | $1.70 |
| The Residences at Stonebridge | Cleveland | n/a | n/a | $998 | $1.27 | $1,333 | $1.04 | n/a | n/a |
| Huron Sq and the Osborn Apts. | Cleveland | n/a | n/a | $828 | n/a | $1,141 | n/a | $1,650 | n/a |
| Statler Arms | Cleveland | $713 | $1.33 | $900 | $0.94 | $1,338 | $1.00 | $1,500 | $0.90 |
| The Chesterfield | Cleveland | $525 | $1.01 | $805 | $1.04 | $1,013 | $0.90 | n/a | n/a |
| The Avenue District | Cleveland | n/a | n/a | $1,729 | $1.22 | $2,615 | $1.42 | $3,309 | $1.55 |
| The Bingham | Cleveland | n/a | n/a | $1,025 | $1.48 | $1,238 | $1.07 | n/a | n/a |
| National Terminal Apartments | Cleveland | n/a | n/a | $838 | $0.98 | $1,206 | $0.81 | n/a | n/a |
| 5307 Herman Avenue | Cleveland | n/a | n/a | n/a | n/a | $1,249 | $0.59 | n/a | n/a |
| **Average** | | **$685** | **$1.34** | **$995** | **$1.21** | **$1,346** | **$1.04** | **$1,876** | **$1.28** |

Source: Apartments.com, 4ward Planning LLC, 2012

# Apartment Characteristics – For Sale

According to data provided by Loopnet.com, as of November 2012, there were 35 multi-family residential rental properties for sale within five miles of the W. 25th Street station. These are largely concentrated away from the W. 25th Street station. The average asking price per square foot ranged from $29.92 for mid/high-rise to $63.61 for duplex/triplex/fourplex.

Table 3: Multi-family Housing for Sale, as of November 2012

| Property Subtype | Sale Properties | Average of Asking Price | Average Price per SF |
|---|---|---|---|
| Mid/High-Rise | 3 | $1,192,667 | $29.92 |
| Government Subsidized | 1 | $2,825,000 | $42.80 |
| Garden/Low-Rise | 20 | $402,035 | $37.21 |
| Duplex/Triplex/Fourplex | 11 | $172,450 | $63.61 |
| **Grand Total** | **35** | **$466,876** | **$45.04** |

Source: Loopnet.com, 4ward Planning LLC, 2012

# Takeaway - Apartment Trends

Very low projected vacancy rates (below four-percent), rising rents, and flat absorption all support the finding that the PMA will experience a strong and tight multi-family residential housing market in the near term. This trend is supported by demographic analysis for the W. 25th Street Station area showing positive growth in non-family households – young professionals and empty nesters in particular – which suggests a likely market for multi-family rental the W. 25th Street area. Further, interviews with area employers suggests that, in the last year, suitable housing has become more difficult to find for those workers desiring to walk or bike to their job. There is also reportedly concern from existing, long-term residents that they will be priced out of living in the neighborhood.

While Reis projects approximately 100 new multi-family rental units entering the Downtown Submarket, the findings suggest demand for even more residential housing, and multi-family rental in particular, some of which can be met in the TOD Study Area.

Generally demolition of dilapidated properties, new construction, and a growing residential population will help alleviate the safety concern expressed by some employers. However, other measures will need to be taken to reassure potential new residents that the area is a safe place to be at night.

# RESIDENTIAL SUPPLY-DEMAND ANALYSIS

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES ™

4WARD PLANNING™

# Methodology - Residential Supply-Demand Analysis

## Selection of Population and Household Growth Scenario

4ward Planning examined a modest growth scenario based on our 2015 projections for population and households. While population and household growth trends could increase at a more robust pace through 2015, absent a large influx of large employers to the area, such a trend is not likely.

## Estimation and subtraction of physically obsolescent housing units in the market area

Housing units, like most things, wear out over time. Dependent upon the age of local housing stock and the manner of care applied to it, generally, the annual housing obsolescence rate can range from 0.5 percent annually (solidly built homes that are well cared for) to as high as two percent annually (older housing stock which has seen little preventative maintenance over the years). Based on conditions observed and data analyzed for the Downtown housing market, 4ward Planning utilized a 1 percent annual obsolescence rate for its analysis.

## Estimation of pent-up housing demand by PMA workers currently living outside of the TOD Study Area

Typically, some percentage of workers who commute to places of employment at considerable distance from their homes desire living arrangements closer to their place of employment. For reasons of inadequate housing stock (type, price, location, etc.) currently near their place of employment, these workers do not enter the local housing market and, therefore, are said to represent pent-up demand for local housing. While short of surveying area workers who commute from outside the housing area about their desire to live locally, there is not a precise method for estimating pent-up housing demand among local workers. However, 4ward Planning believes that five out of every 100 workers is a conservative estimate for the pent-up demand which likely exists in a market, all other things being equal. Accordingly, we have assumed that five percent of the identified in-commuting workers to the TOD Study Area represent pent-up demand.

# Methodology - Residential Supply-Demand Analysis

## Estimation of demand for owner-occupied versus renter-occupied units

Analysis and projection of demand for owner- versus renter-occupied housing units is based on a number of factors within a given market area. These include:

- Current ratio of owner-occupied to renter-occupied units
- Household income levels and trends
- Household type (e.g., family versus non-family households) and trends
- Population age trends
- Current & forecasted financial conditions (employment outlook, mortgage rates, ease of mortgage qualification, etc.)

All of the above factors pertaining to the W. 25th Street Station PMA were taken into consideration for this analysis.

## Estimation of demand for one-, two-, and three-bedroom unit types

The estimation of one-, two-, and three-bedroom units as a percentage of all housing units, whether the housing type is for-sale or for-rent, involves many of the same factors identified under the estimation of demand for owner-occupied versus renter-occupied units, as well as an examination of current market trends for various bedroom-unit mixes.

## Estimation of the natural vacancy rate

A housing market's natural vacancy rate is a function of such factors as whether or not the area is a seasonal tourist destination (higher vacancy rates during the off-season) or whether the area is well established and desirable (typically associated with relatively low vacancy rates). Every housing market has some degree of vacancy, as households are constantly in motion. Nationally and regionally, stable and generally well-maintained housing markets exhibit vacancy rates ranging from three percent to six percent.

# Supply and Demand Analysis – Modest Growth Scenario

Under a modest growth scenario, if no new housing were built in the PMA…

…by 2015 there would be

| | |
|---|---|
| Households: | 92,085 |
| Net Marketable Housing Units: | 109,588 |
| Pent-Up Worker Demand in Units: | 9,957 |
| Annual Average Number of Vacant Units: | 21,918 |
| *Estimated Net Housing Unit Demand:* | 14,371 |

…by 2020 there would be

| | |
|---|---|
| Households: | 94,410 |
| Net Marketable Housing Units: | 108,493 |
| Pent-Up Worker Demand in Units: | 10,465 |
| Annual Average Number of Vacant Units: | 21,699 |
| *Estimated Net Housing Unit Demand:* | 18,081 |

…by 2025 there would be

| | |
|---|---|
| Households: | 96,794 |
| Net Marketable Housing Units: | 107,408 |
| Pent-Up Worker Demand in Units: | 10,999 |
| Annual Average Number of Vacant Units: | 21,482 |
| *Estimated Net Housing Unit Demand:* | 21,867 |

The metrics to the left demonstrate that, under a modest household growth scenario, a significant amount of the housing unit demand in the PMA (10-minute drive from the W. 25th Street Station) is derived from pent-up worker demand and household growth.

Replacement units/or substantial rehabilitation will be required for approximately 1,100 units.

# Supply and Demand Analysis – Modest Growth Scenario

## Key Assumptions Underpinning the Modest Growth Scenario

### Net Household Formation Increases by 0.5 Percent per Annum from 2010 to 2025

This assumption is based on increased in-migration from the metropolitan area and increased immigration, in response to local area job growth.

### Number Employed within Cleveland PMA Increases from 199,451 to over 230,000 by 2025

This estimate is based on a modest one-percent annualized increase over 2010 base employment.

### Five Percent of Those Working in the PMA but Living Elsewhere Represent Pent-Up Demand

Based on an assumption that one-in-twenty workers would trade their commute if there were adequate housing choice in the PMA

### Five-percent of the PMA's Current Housing Stock is Physically Obsolescent and Unmarketable

Much of the PMA's rental housing stock is more than forty years old, increasing the incidence of physical obsolescence.

### One Percent of the PMA's Remaining Housing Stock Becomes Obsolescent Annually

All housing stock gradually wears out over time and, on average, one out of every 100 units becomes obsolescent annually.

### 70 percent of New Unit Demand will be for Rental Housing

Based on current and likely future socio-economic characteristics of the area and tight lending standards into the future.

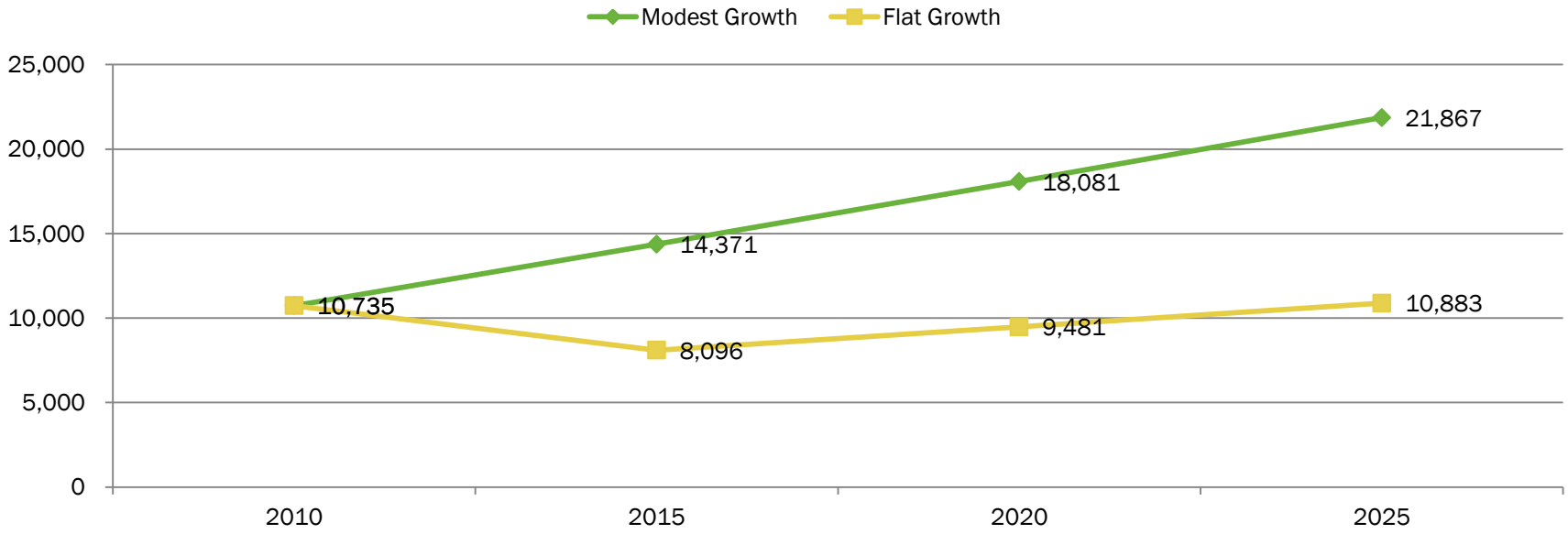
### The PMA will Maintain an Annual Housing Vacancy Rate of approximately 20 Percent

The PMA's naturally occurring annual vacancy rate will remain high, based on existing and projected conditions.

# Projected Growth Scenarios

In 2010, the estimated net housing demand within the 10-minute drive time contour (PMA) of the W. 25th Street Station was approximately 10,735 units. Based on a modest growth scenario, pent-up worker housing demand and replacement demand from physically obsolescent housing units is projected to steadily increase housing demand to approximately 21,867 housing units by 2025. Assuming a flat growth scenario, should no additional units be built, housing demand is projected to increase by less than 150 units by 2025. This is unlikely, as we know nearly 100 units are already shovel ready. Under either scenario, approximately 70 percent of these units are estimated to be rental.

Figure 7: Net Housing Unit Demand




Source: US Census Bureau; On The Map; 4ward Planning LLC 2012

# Takeaway – Residential Supply-Demand

Based on the modest household growth estimates, there will be demand for thousands of new housing units within the W. 25th Street Station PMA over the coming years. However, not all of this demand will be met within the W. 25th Street TOD Study Area. Based on current and projected socio-economic trends, nearly three-quarters of this demand will be for rental units, some of which can be satisfied in the W. 25th Street Station TOD Study Area.

Only approximately 20 percent of the households demanding new housing will earn more than $75,000 per year in income, based on the demographic analysis. However 50 percent of the population will earn less than $40,000; a fact that creates unique challenges for meeting the housing demand, as this population may not be able to afford the rising rents that are inevitable in a strengthening market.

Nearly fifteen percent of the population will be young professionals, the largest age cohort in the PMA. This population tends to prefer smaller housing units, such as those more likely to be found in multi-family rental housing. This population is also more likely to use public transit, walk or bike.

# OFFICE TREND ANALYSIS



4WARD PLANNING™

# Methodology - Key Steps for Analyzing Office Trends

### Analyzing Office Space Supply Factors

The supply of office space data is analyzed using data obtained from REIS, a real estate analysis service. REIS provides key office space supply details and comparisons for rent, vacancy, inventory, and construction and absorption. The Submarket is compared to the nearest metropolitan area as well as the larger region and the nation. The Downtown Submarket is delineated as shown below.

### Identifying Current Properties

The location and character of currently available office properties is examined using industry products.

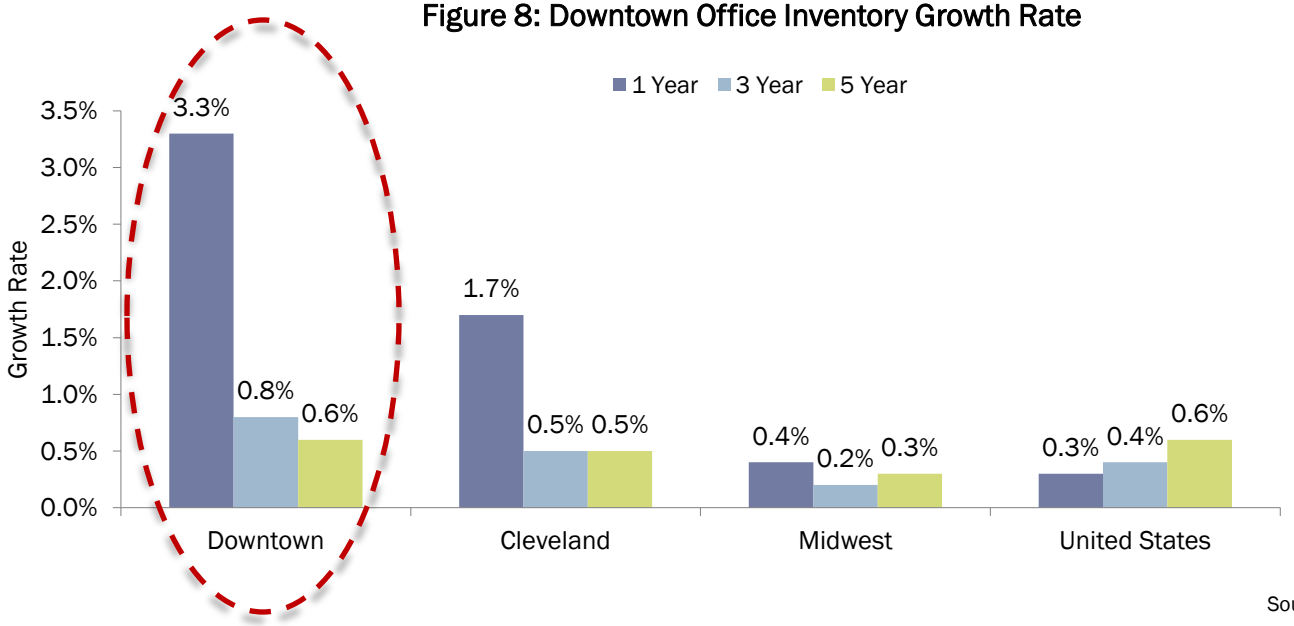
The Cleveland Submarket identified by REIS is delineated by the following:

- I-71
- W. 25th Street
- Lake Erie Boundary
- E. 40th Street
- I-77

# Office Inventory

Only five percent of the Downtown Submarket's office space was constructed since 2000. Nearly 80 percent of the existing office inventory was built more than 20 years ago, indicating Class B and C quality space. While inventory growth has weakened nationally—indicating slack demand for office space—both the Downtown Submarket and the Cleveland MSA have seen a strong increase in inventory in the last year. Six hundred thousand square feet of new office space came onto the Downtown Submarket in the last year, triple the increase of the previous 3-year time period. The five-year forecast, however, is not so ambitious; Reis projects inventory growth in the Downtown Submarket of 0.5 percent, which will trail the three other geographies.

Figure 8: Downtown Office Inventory Growth Rate



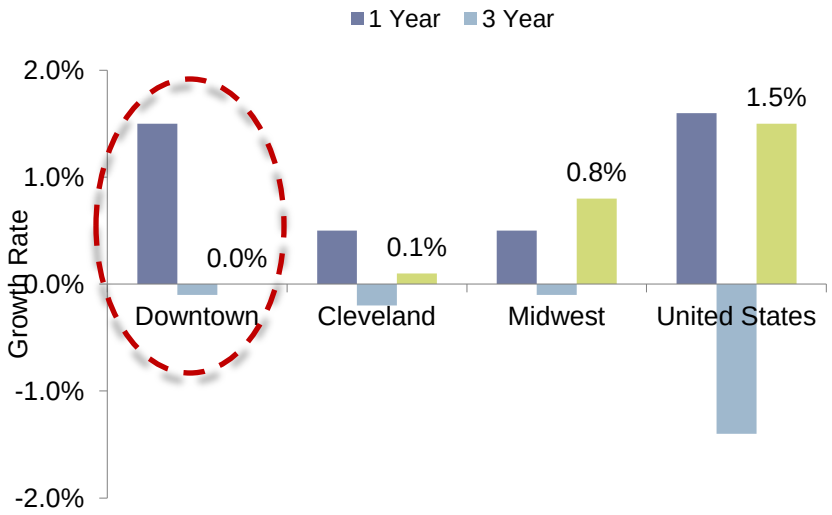

A review of office leases in the Downtown Submarket shows that the large majority of office space for lease can be found in Downtown, outside of the TOD Study Area. As of November 2012 only four properties were leasing office space in the TOD Study Area and one has been available for four years.

Source: REIS; 4ward Planning LLC 2012

# Office Asking Rent

The median asking rent for office space in the Downtown Submarket is approximately $18 per square foot. Asking rent has exhibited positive growth in the last year, indicating activity in the office market; but it remains lower than in 2009. The Submarket experienced greater rent growth rates over the past year as compared to the Cleveland MSA and the Midwest and comparable rent growth to the United States. Reis projects that asking rents in the Downtown Submarket will increase in the next five years, but will lag behind all three geographies. Broker interviews and research on Loopnet.com suggests that the asking rent in the W. 25th Street Station study area actually ranges from $5 to $12 per square foot per year.

**Figure B-9: Downtown Office Asking Rent Growth Rate (Annualized)**



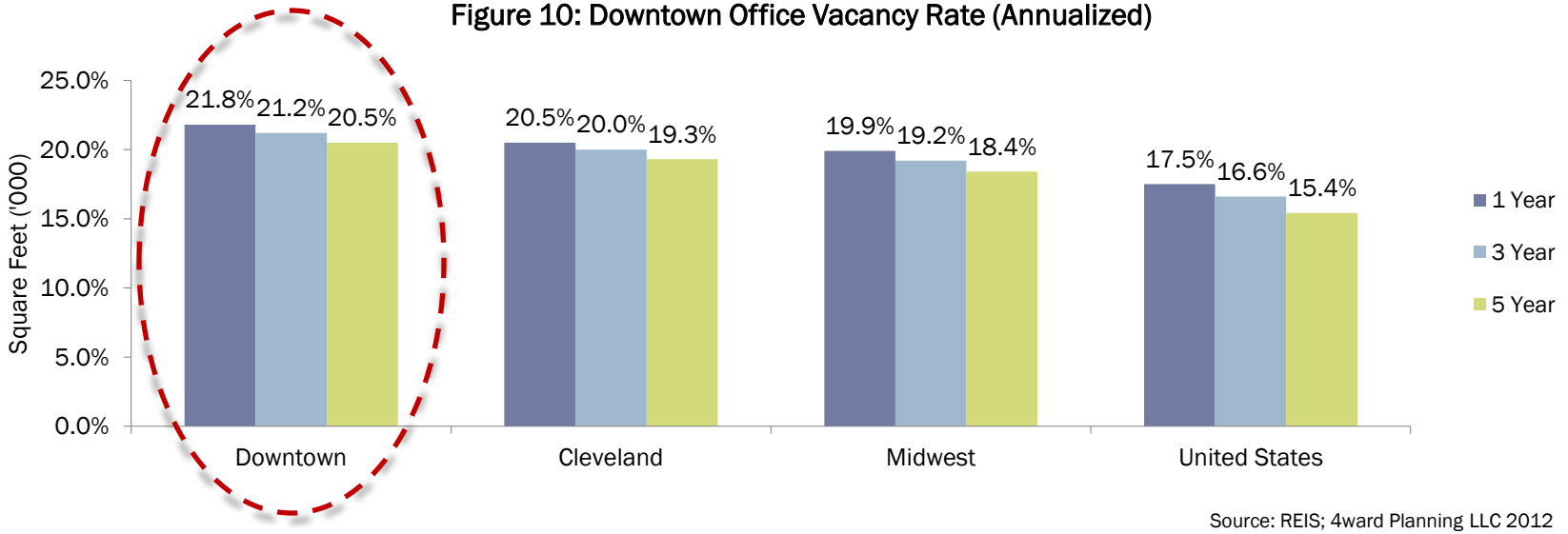

The average submarket lease terms for office properties in the Downtown Submarket include a 5-year lease term, a 5.4 percent leasing commission, and approximately $8.50 per square foot in commercial expenses annually. Tenant improvements average $25.50 per square foot annually. Leasing incentives include an average 9.4 percent contract rent discount (CRD) from asking price and approximately 5 months free rent.

Source: REIS; 4ward Planning LLC 2012

# Office Vacancy Rates

The median vacancy rate for all office properties in the Downtown Submarket is 23 percent. For properties constructed between 2000 and 2009, the office space vacancy rate is 10.4 percent, indicative of a demand for newer space. The approximate 22-percent annualized average vacancy rate for the past year shows relatively flat growth from the average rates of the past three- and five-year periods. As Figure 10 indicates, average vacancy rates within the Downtown Submarket have consistently been higher than average office vacancy rates in the Cleveland MSA, Midwest and United States over the same time period. Reis' projections forecast that office vacancy rates will begin to decrease after 2013 but will remain above 20 percent, thus indicating a weak office market compared to the other regions.

Figure 10: Downtown Office Vacancy Rate (Annualized)

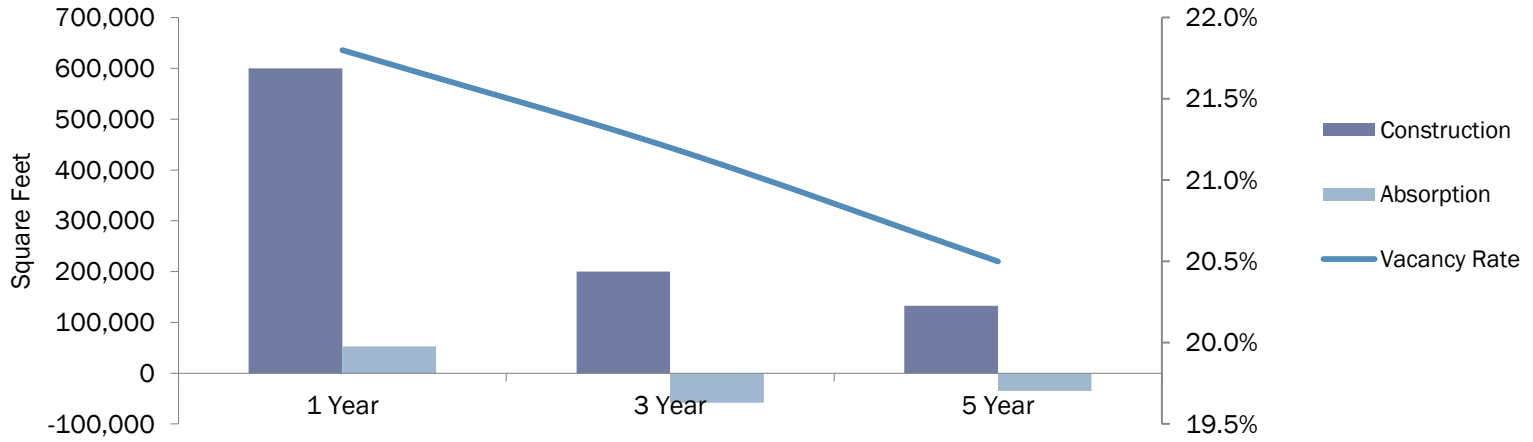



Source: REIS; 4ward Planning LLC 2012

# Office Absorption

The office space market in the Downtown Submarket has demonstrated fluctuating absorption in the last five years, with positive absorption in the most recent year and negative values over the last three and five years. Office space construction has increased in the Submarket culminating in 600,000 square feet of office space constructed in the last year (the total one-year construction for the Cleveland MSA), yielding a construction/absorption ratio of 11.3 in the Submarket. While there has been significant new construction of office space in the Submarket (and in the MSA), little has been absorbed, indicating a mismatch of supply and demand. Construction/absorption ratios for the Cleveland MSA mimic the patterns observed for the Downtown Submarket, but with a significanlyt lower ratio for the last year, indicating this lack of demand for the units being constructed is not exclusive to the Submarket.

Figure 11: Downtown Office Space Trends, Annualized




Source: REIS; 4ward Planning LLC 2012

# Takeaway – Office Trends

Characterized by relatively high vacancy rates and weak absorption, the office market in the W. 25th Street Station PMA is not strong. However, Reis forecasts indicate that vacancy rates will decline and effective rent will increase in the next five years. These are indicators of a strengthening market regionally. However, conversations with local brokers are not optimistic of the TOD Study Area as an office market.

Nearly 80 percent of office space in the Submarket is over twenty years old, and therefore Class B or C quality space. Newer office space, with the features characteristic of Class A quality space such as modern amenities and access, will be necessary to attract new office users to the area. Existing office space in the Study Area tends to have small footprints on upper stories of existing buildings. This type of space is best suited for small-scale professional offices and services not requiring a storefront.

# OFFICE SUPPLY-DEMAND ANALYSIS



4WARD PLANNING™

# Methodology - Key Steps for Deriving Office Demand

### Projecting 2018 Primary Jobs

To determine projected office space demand, primary jobs in the Cleveland MSA were projected through 2018 based on 2009 primary jobs data and Bureau of Labor Statistics industry growth rates. Primary jobs were then aggregated into industry sectors.

### Estimating the Number of Office Workers

A National Center for Real Estate Research study has estimated the percentage of workers in various industry sectors that typically work in an office environment. Using these percentages, we were able to estimate the number of workers in the Cleveland MSA who would work in an office.

### Determining Office Space Demand

Assuming a space requirement of 150 square feet per worker, the total demand for office space was estimated based on the projected office workers for each year through 2018.

# Projected Office Jobs

The tables below show the projected jobs and office workers, respectively, aggregated by industry sector, for the W. 25th Street Station PMA.

**Table 5: Primary Jobs Per Industry, W. 25th Street Station PMA**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Health Care and Social Assistance | 25,007 | 25,639 | 26,287 | 26,951 | 27,632 | 28,330 | 29,046 | 29,780 | 30,532 |
| Professional, Scientific, and Technical Services | 20,353 | 21,043 | 21,757 | 22,496 | 23,259 | 24,048 | 24,864 | 25,708 | 26,580 |
| Manufacturing | 19,068 | 18,897 | 18,727 | 18,559 | 18,393 | 18,227 | 18,064 | 17,902 | 17,741 |
| Educational Services | 16,951 | 17,401 | 17,862 | 18,336 | 18,823 | 19,322 | 19,834 | 20,361 | 20,901 |
| Public Administration | 16,549 | 16,673 | 16,798 | 16,924 | 17,051 | 17,179 | 17,307 | 17,437 | 17,568 |
| Finance and Insurance | 15,105 | 15,186 | 15,267 | 15,349 | 15,431 | 15,513 | 15,596 | 15,680 | 15,764 |
| Wholesale Trade | 12,081 | 12,132 | 12,185 | 12,237 | 12,289 | 12,342 | 12,395 | 12,448 | 12,502 |
| Accommodation and Food Services | 11,107 | 11,188 | 11,270 | 11,352 | 11,435 | 11,519 | 11,603 | 11,687 | 11,773 |
| Retail Trade | 10,591 | 10,636 | 10,681 | 10,727 | 10,772 | 10,818 | 10,864 | 10,911 | 10,957 |
| Administration & Support, Waste Management and Remediation | 10,438 | 10,624 | 10,812 | 11,005 | 11,200 | 11,399 | 11,602 | 11,808 | 12,018 |
| Total | 157,251 | 159,420 | 161,648 | 163,936 | 166,285 | 168,698 | 171,176 | 173,721 | 176,334 |

Source: U.S Census Bureau, 4ward Planning LLC 2012

**Table 6: Estimated Average Office Workers Per Industry, W. 25th Street Station PMA**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Health Care and Social Assistance | 12,112 | 12,418 | 12,732 | 13,054 | 13,384 | 13,722 | 14,069 | 14,424 | 14,643 |
| Professional, Scientific, and Technical Services | 18,118 | 18,732 | 19,368 | 20,025 | 20,705 | 21,407 | 22,133 | 22,884 | 23,678 |
| Manufacturing | 5,641 | 5,591 | 5,540 | 5,491 | 5,441 | 5,392 | 5,344 | 5,296 | 5,292 |
| Educational Services | 9,599 | 9,854 | 10,115 | 10,384 | 10,659 | 10,942 | 11,232 | 11,530 | 11,854 |
| Public Administration | 7,281 | 7,336 | 7,391 | 7,446 | 7,502 | 7,558 | 7,615 | 7,672 | 7,739 |
| Finance and Insurance | 14,552 | 14,630 | 14,708 | 14,787 | 14,866 | 14,945 | 15,025 | 15,106 | 15,188 |
| Wholesale Trade | 6,981 | 7,011 | 7,041 | 7,071 | 7,102 | 7,132 | 7,163 | 7,194 | 7,096 |
| Accommodation and Food Services | 824 | 830 | 836 | 842 | 848 | 855 | 861 | 867 | 874 |
| Retail Trade | 2,466 | 2,476 | 2,487 | 2,497 | 2,508 | 2,519 | 2,529 | 2,540 | 2,519 |
| Administration & Support, Waste Management and Remediation | 3,657 | 3,722 | 3,788 | 3,855 | 3,923 | 3,993 | 4,064 | 4,136 | 4,224 |
| Total | 81,231 | 82,600 | 84,006 | 85,452 | 86,938 | 88,465 | 90,035 | 91,649 | 93,108 |

Source: NCRER, U.S Census Bureau, 4ward Planning LLC 2012

# Projected Office Space Demand

The table below shows the projected office space demand, aggregated by industry sector, for the W. 25th Street Station PMA, as derived based on projected office workers and assuming an estimated requirement of 150 square feet per worker. As shown, the anticipated increase in office space demand from 2010 to 2018 is nearly 1,800,000 square feet. Tables 5 and 6 on the previous page show an estimated increase of approximately 2,600 primary jobs and 1,500 new office workers, respectively, from 2010 to 2018 in the PMA. On paper, some of this growth could be absorbed in the Study Area.

**Table 7: Estimated Total Office Space Per Industry, Sq Ft., W. 25th Street Station PMA**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Health Care and Social Assistance | 1,816,863 | 1,862,770 | 1,909,836 | 1,958,092 | 2,007,567 | 2,058,292 | 2,110,299 | 2,163,620 | 2,196,515 |
| Professional, Scientific, and Technical Services | 2,717,666 | 2,809,873 | 2,905,209 | 3,003,780 | 3,105,695 | 3,211,068 | 3,320,016 | 3,432,661 | 3,551,727 |
| Manufacturing | 846,173 | 838,575 | 831,046 | 823,584 | 816,189 | 808,860 | 801,597 | 794,400 | 793,839 |
| Educational Services | 1,439,877 | 1,478,073 | 1,517,283 | 1,557,532 | 1,598,849 | 1,641,262 | 1,684,800 | 1,729,493 | 1,778,041 |
| Public Administration | 1,092,146 | 1,100,332 | 1,108,579 | 1,116,887 | 1,125,258 | 1,133,692 | 1,142,189 | 1,150,749 | 1,160,848 |
| Finance and Insurance | 2,182,838 | 2,194,508 | 2,206,241 | 2,218,036 | 2,229,895 | 2,241,817 | 2,253,802 | 2,265,852 | 2,278,187 |
| Wholesale Trade | 1,047,171 | 1,051,664 | 1,056,177 | 1,060,709 | 1,065,260 | 1,069,831 | 1,074,421 | 1,079,032 | 1,064,398 |
| Accommodation and Food Services | 123,610 | 124,511 | 125,420 | 126,335 | 127,257 | 128,185 | 129,120 | 130,062 | 131,149 |
| Retail Trade | 369,835 | 371,410 | 372,992 | 374,580 | 376,176 | 377,778 | 379,387 | 381,002 | 377,915 |
| Administration & Support, Waste Management and Remediation | 548,486 | 558,231 | 568,150 | 578,245 | 588,519 | 598,976 | 609,619 | 620,450 | 633,593 |
| Total | 12,184,666 | 12,389,950 | 12,600,932 | 12,817,780 | 13,040,664 | 13,269,760 | 13,505,250 | 13,747,321 | 13,966,212 |

Source: NCRER, U.S Census Bureau, 4ward Planning LLC 2012

# Takeaway – Office Supply-Demand

The office demand analysis indicates a projected 2018 demand for office space of approximately 14 million square feet, based on anticipated jobs by industry in the W. 25th Street Station PMA. This represents a net demand increase of about 1.8 million square feet, over 2010 inventory in the primary market area.

While the office space remains weak for the Downtown Submarket, in the coming years as the market improves in the PMA, the Downtown Submarket will likely see some of this increase. Interviews with brokers working in the Study Area acknowledge the indicators of a strengthening regional office market; but caution that demand for office space in the Study Area specifically is still quite low, as evidenced by low inventory, very low asking rents, and available properties sitting on the market for years. Furthermore, the perception of the area is that it is not a place for office uses. Therefore prospective office developers should proceed cautiously unless developing build-to-suit office projects.

The low demand and current perception of the Study Area as not an office area may also require agency intervention and/or development to create more demand. As the residential population grows, professional offices in supporting roles—such as medical, financial, and other personal services—may develop from the growing customer base.

## General & Limiting Conditions

4ward Planning LLC has endeavored to ensure that the reported data and information contained in this report are complete, accurate, and relevant. All estimates, assumptions, and extrapolations are based on methodological techniques employed by 4ward Planning LLC and believed to be reliable. 4ward Planning LLC assumes no responsibility for inaccuracies in reporting by the client, its agents, representatives, or any other third party data source used in the preparation of this report.

Further, 4ward Planning LLC makes no warranty or representation concerning the manifestation of the estimated or projected values or results contained in this study. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from 4ward Planning LLC. This study is qualified in its entirety by, and should be considered in light of, the above limitations, conditions, and considerations.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# Appendix B: Socio-Economic and Labor & Industry Trends Analysis

# West 25th Street Station TOD Plan: Socio-economic and Employment Analysis

Cleveland, OH

Prepared for: Michael Baker Inc.


December 19, 2012

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™

# Table of Contents

# Glossary of Terms

Household Population Household population, as compared to total population, excludes persons living in dormitories, penal facilities, hospitals, and other institutional settings.

Family A family is a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people are considered as members of one family. The number of families is equal to the number of family households; however, the count of family members differs from the count of family household members because family household members include any non-relatives living in the household.

Non-Family A non-family household consists of a householder living alone (a one-person household) or where the householder shares the home exclusively with people to whom he/she is not related.

Household A household consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. The count of households excludes group quarters and institutions.

Metropolitan Statistical Area (MSA) Metropolitan Statistical Areas (metro areas) are geographic entities defined by the Office of Management and Budget. A metro area contains a core urban area of 50,000 or more population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

Source: US Census Bureau

# Methodology

4ward Planning LLC conducted an examination of socio-economic trends (for 2000, 2010, and 2015) in the geographies surrounding the City of Cleveland Rapid Transit Authority (RTA) West 25th Street Station, in support of the Transit Oriented Development (TOD) Plan and Implementation Strategy. Multiple study areas were analyzed in differing contexts, such as comparing the study area against regional trends but also with other comparable transit-oriented areas. The socio-economic analysis was conducted on the following five study areas:

- The 0.25-mile radius around the W. 25th Street Station (the TOD Study Area)
- The 0.25-mile radius around the proposed "New" Mayfield Station in University Circle
- The 0.25-mile radius around the Shaker Square Station
- A 10-minute drive contour from the W. 25th Street Station (the Primary Market Area/PMA)
- The Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area (Cleveland MSA)

The analysis and recommendations that follow are based on a combination of quantitative and qualitative techniques. Quantitative analysis was underpinned by a combination of public and proprietary data sources, including U.S. Census-based data and Esri's Community Analyst software — a socio-economic data analysis tool. Estimated and projected socio-economic trends examined included population and household growth, formation of family and non-family households, household income and tenure, and age cohort characteristics.

All geographies—including those used in the labor and industry analysis—were selected based on the strong likelihood that these areas serve as primary market draws for consumer purchases, labor supply, and housing demand — all key factors associated with this analysis.

# Methodology (cont.)

Labor data was gathered from the U.S. Census Bureau's On The Map data server. Work area analysis was performed for the most recently available and reliable years (2005, 2007 and 2009). Labor and industry trends were analyzed for the following study areas to analyze both regional trends and observations as well as compare the study area with other comparable transit-oriented station areas:

- A 2-mile radius from the W. 25th Street Station (approximate 5-minute drive time)
- A 5-mile radius from the W. 25th Street Station (approximate 10-minute drive time)
- The Cleveland-Elyria-Mentor, OH Metropolitan Statistical Area (Cleveland MSA)
- Transit-oriented development areas:
  - The 0.5-mile radius around the W. 25th Street Station (the TOD Study Area)
  - The 0.5-mile radius around the proposed "New" Mayfield Station in University Circle
  - The 0.5-mile radius around the Shaker Heights Station

# SOCIO-ECONOMIC TRENDS ANALYSIS



4WARD PLANNING™

# Key Findings: Demographic Trends

## Flat growth

Population and household growth around the W. 25th Street Station has been flat since 2000 and, without factoring in expected future development, will remain flat through 2015.

## More than two-thirds

Non-family households represent more than two-thirds of the total household population within the quarter-mile area surrounding each of the three transit stations examined in this analysis. Non-family households are the principal drivers of small, multi-family rental units.

## 14 out of every 100 occupied housing units

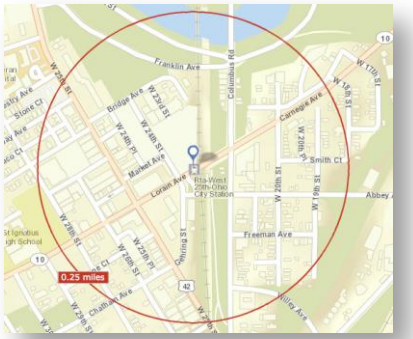
The owner occupied housing rate within a quarter-mile of the W. 25th Street Station is a relatively low 14 percent (the Cleveland metropolitan owner-occupied housing rate is 60 percent). However, this relatively low owner-occupancy rate is consistent with the other transit-oriented areas, locally and nationally.

## Currently Less than 10 percent, but…

The present percent of households within the W. 25th Street Station TOD Study Area with household income of $75,000 or greater. The share of households within the W. 25th Street Station area earning $75,000 or more than will, likely, dramatically increase in response to TOD activity.

# Demographic Trend Analysis Study Areas – 2010 Summary

W. 25th Street Station (TOD site) 0.25-mile Radius

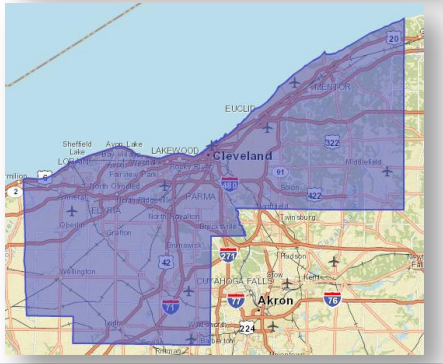



| | |
|---|---|
| Population: | 908 |
| Total Households: | 548 |
| Median Age: | 38.4 |
| Median Household Income: | $16,215 |
| Percent of Household Incomes >$75,000: | 8% |
| Percent Owner-Occupied Housing: | 14% |

10-minute Drive Contour (PMA)


| | |
|---|---|
| Population: | 218,747 |
| Total Households: | 89,817 |
| Median Age: | 33 |
| Median Household Income: | $25,858 |
| Percent of Household Incomes >$75,000: | 14% |
| Percent Owner-Occupied Housing: | 37% |

Cleveland MSA

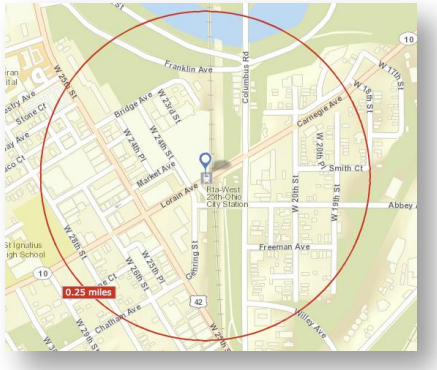



| | |
|---|---|
| Population: | 2,110,340 |
| Total Households: | 847,221 |
| Median Age: | 40 |
| Median Household Income: | $41,331 |
| Percent of Household Incomes >$75,000: | 33% |
| Percent Owner-Occupied Housing: | 60% |

Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

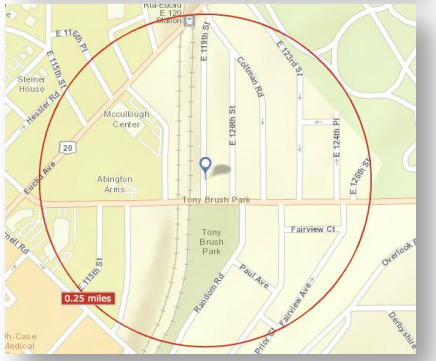
# Demographic Trend Analysis TOD Study Areas – 2010 Summary

W. 25th Street Station (TOD site) 0.25-mile radius



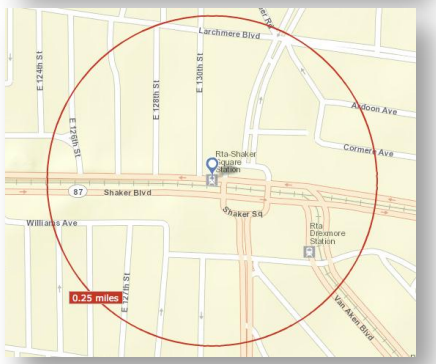

| | |
|---|---|
| Population: | 908 |
| Total Households: | 548 |
| Median Age: | 38.4 |
| Median Household Income: | $16,215 |
| Percent of Household Incomes >$75,000: | 8% |
| Percent Owner-Occupied Housing: | 14% |

"New" Mayfield Station 0.25-mile radius




| | |
|---|---|
| Population: | 1,801 |
| Total Households: | 1,237 |
| Median Age: | 30 |
| Median Household Income: | $18,292 |
| Percent of Household Incomes >$75,000: | 8% |
| Percent Owner-Occupied Housing: | 13% |

Shaker Square Station 0.25-mile radius



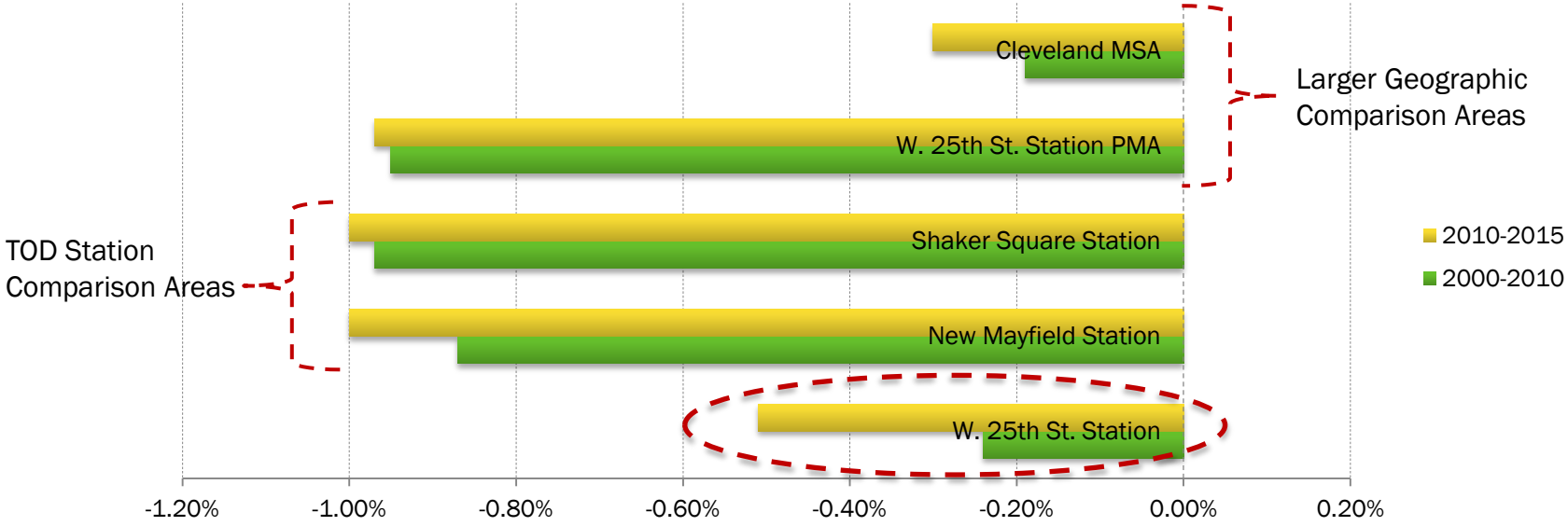

| | |
|---|---|
| Population: | 2,922 |
| Total Households: | 1,798 |
| Median Age: | 37 |
| Median Household Income: | $21,082 |
| Percent of Household Incomes >$75,000: | 12% |
| Percent Owner-Occupied Housing: | 17% |

Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Household Population

Household population trends within the quarter-mile radius of the W. 25th Street Station (the TOD Study Area) demonstrated flat growth (an average of -0.24 percent per year) over the 2000-2010 time period, decreasing from 870 to 849 people. As exhibited in the below chart, household population over the 2010-2015 time period is anticipated to decline further, absent new residential development in the area. However, annual household population decline within the W. 25th St. Station area, over the past decade and projected through 2015, is far less pronounced than the decline experienced and projected within the TOD station comparison areas and the 10-minute drive PMA.

**Figure A-1: Annualized Percentage Change in Household Population**

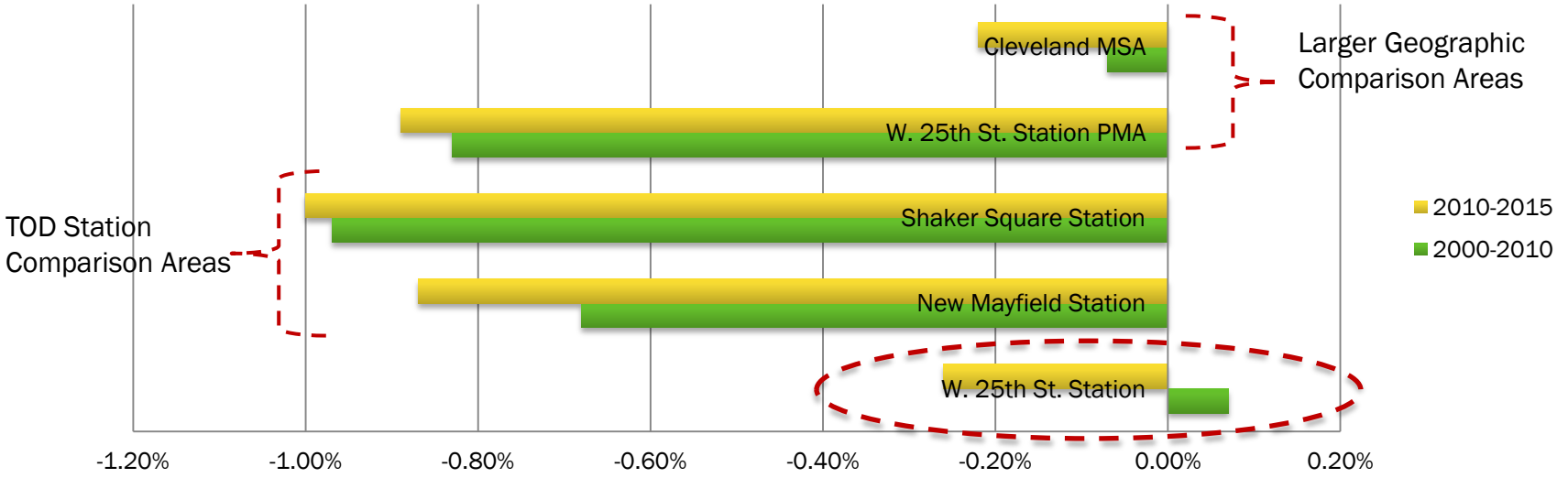



Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Household Formation

Figure A-2, below, illustrates the annualized percentage decline between 2000 and 2010, in total households across all geographies examined, save for the quarter-mile area surrounding the W. 25th Street Station. During that ten-year period, household formation in the TOD Study Area increased by a modest 0.07 percent annual rate. Absent significant housing development and in-migration, the annualized rate of decline in household formation, through 2015, is projected to increase for the four comparison areas (most significantly within the two TOD station comparison areas), and decrease modestly, within the W. 25th Street Station area, as well. However, the projected household declines within the TOD station areas will likely be offset by proposed multi-family residential development.

**Figure A-2: Annualized Percentage Change of Total Households**

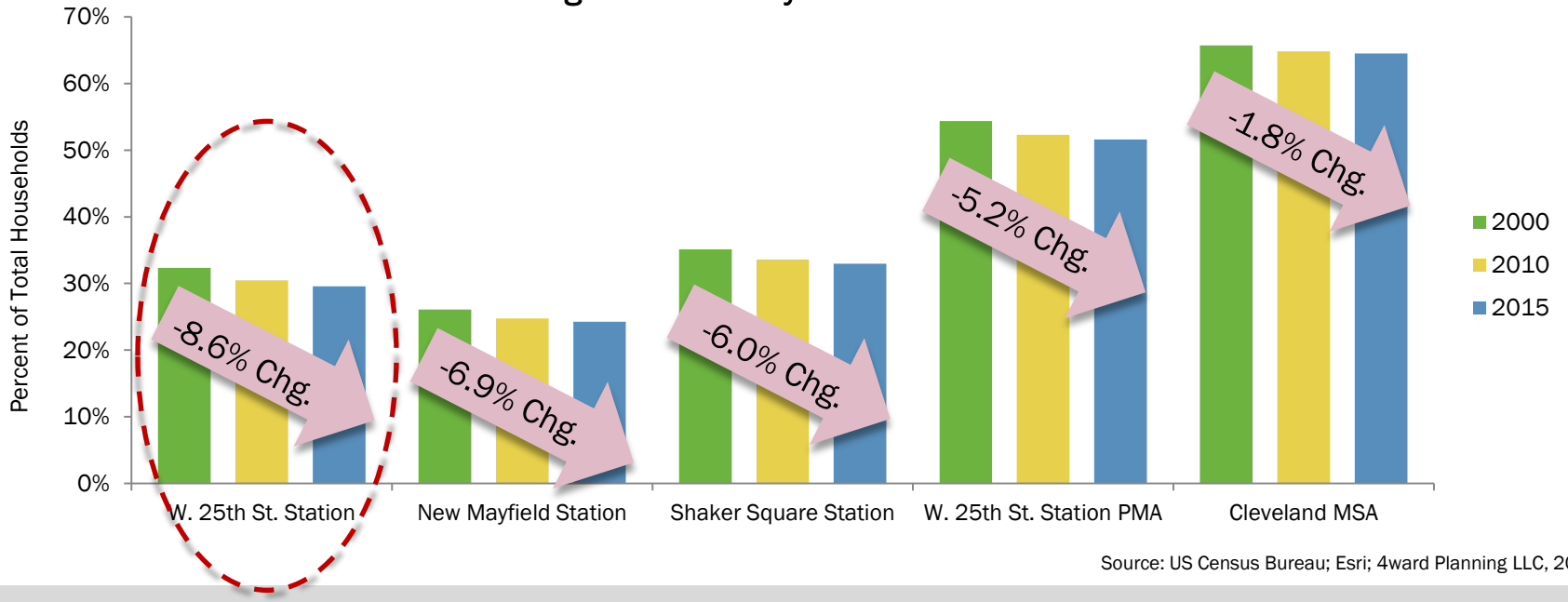



Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Household Formation: Family Households

As illustrated in Figure A-3 below, the share of family households across all geographies examined has been in modest decline since 2000 and this share is projected to decline, further, through 2015. The greatest projected declines in the share of family households, among all geographies examined, are located within the half-mile TOD areas surrounding commuter rail station stops – with the W. 25th Street Station area exhibiting, by far, the greatest projected decline in family household formation over the 2000 to 2015 period. These observed trends suggests demand for goods and services (including housing) within these TOD areas will be influenced less by traditional family households.

Figure A-3: Family Households

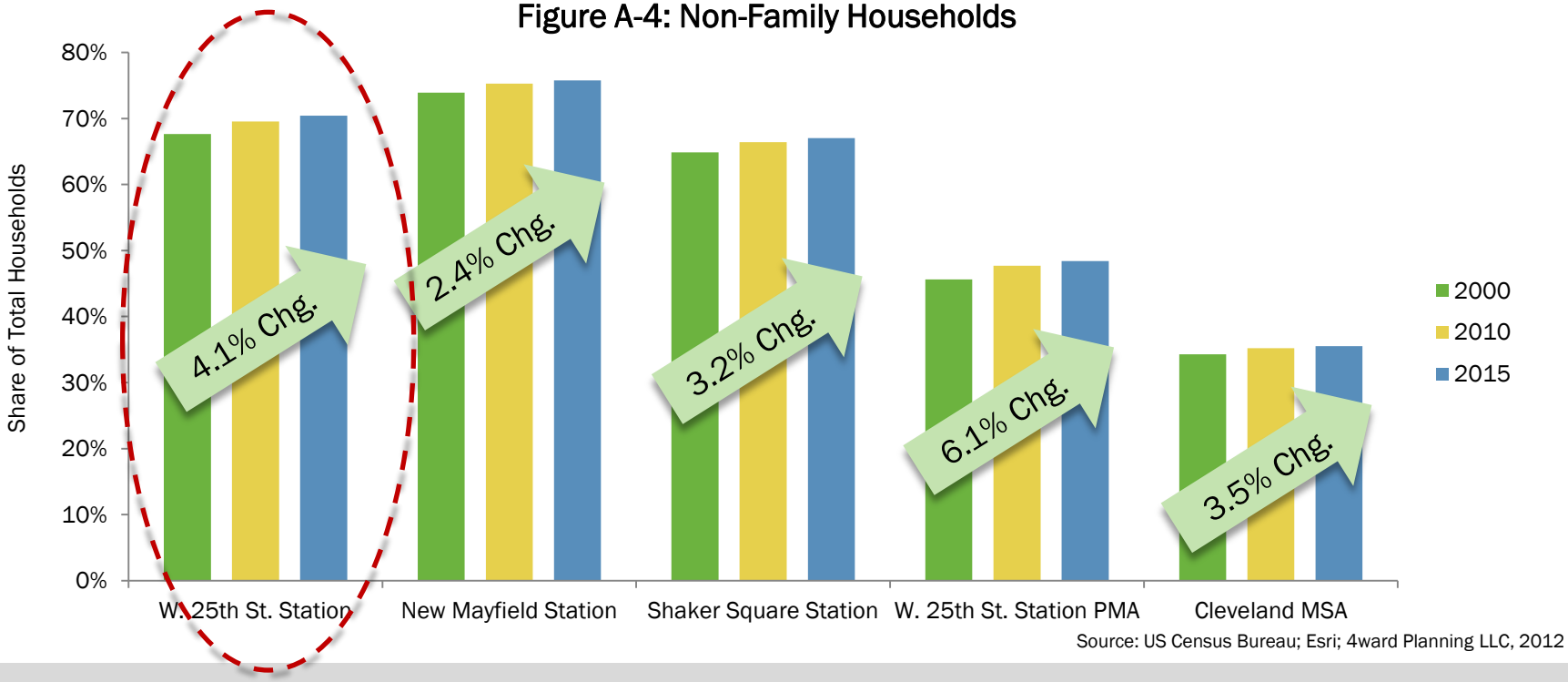



Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Household Formation: Non-Family Households

Figure A-4 illustrates that, while modest (the average projected increase in non-family households over the 2000 to 2015 period, across all geographies examined, is 3.9 percent), local and regional household growth is being driven by non-family households. This growth trend favors smaller housing units (typically, one- and two-bedroom rental units), which are strongly associated with TOD projects. Note that projected growth in non-family households within the W. 25th Street Station half-mile area is second only to W. 25th St. Station PMA (an area which includes the Flats and Downtown).

Figure A-4: Non-Family Households




Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Housing Ownership Trends

Figures A-5 and A-6 indicate, for the foreseeable future, homeownership trends waning within the Cleveland MSA. In fact, both home ownership and rental rates are decreasing across all geographies, meaning vacancy is rising. It is not surprising that, in the urban geographies with public transit access including the PMA, a larger percentage of households rent housing than own. The W. 25th Street Station area should expect to achieve rental rates similar to rental rates around New Mayfield and Shaker Square Stations.

Figure A-5: Housing Tenure, Ownership

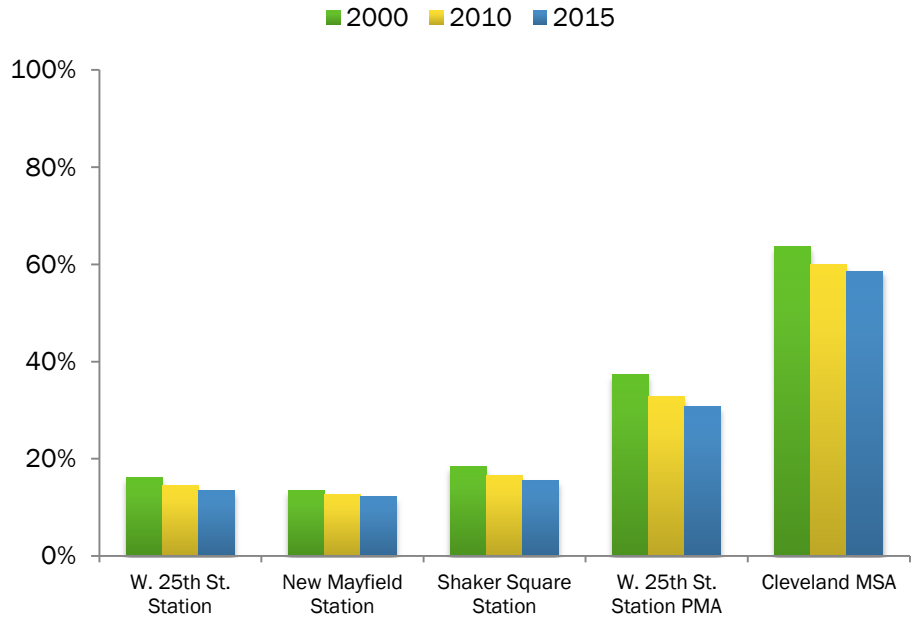
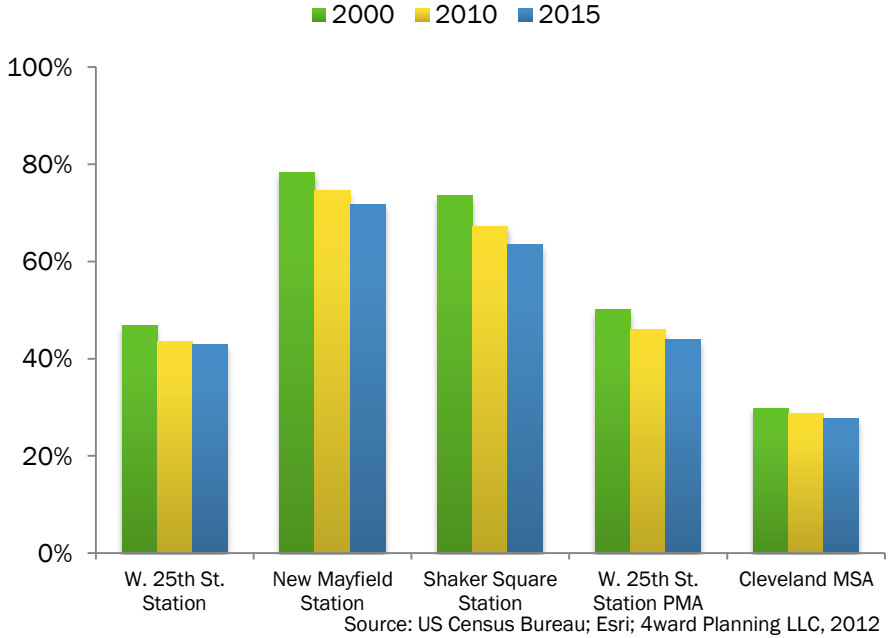



Figure A-6: Housing Tenure, Rental

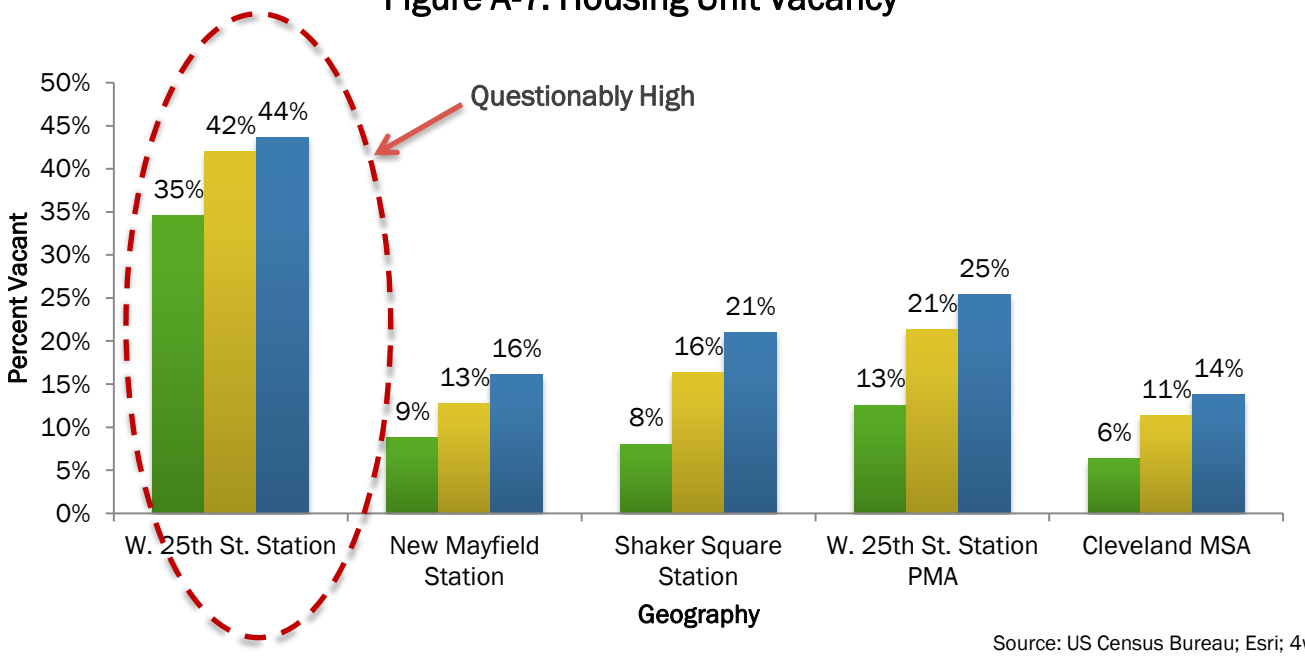



Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Housing Ownership Trends: Vacancy

As inferred from the declines in both owner-occupancy and rentals in the previous page, housing unit vacancy is high and increasing. In fact, 2010 US Census data reports the TOD Study Area is approaching a 50 percent vacancy rate, considerably higher than both the comparable TOD areas, the PMA and the MSA. Conversations with local officials and employers suggests this vacancy data is off-base. The 2005-2009 American Community Survey (the average of a 5-year period) reported residential vacancy at under 20 percent for the three census tracts within the Study Area. Interviews confirmed that the housing market is becoming tighter in the last few years, which contradicts the rising vacancy rate.

Figure A-7: Housing Unit Vacancy

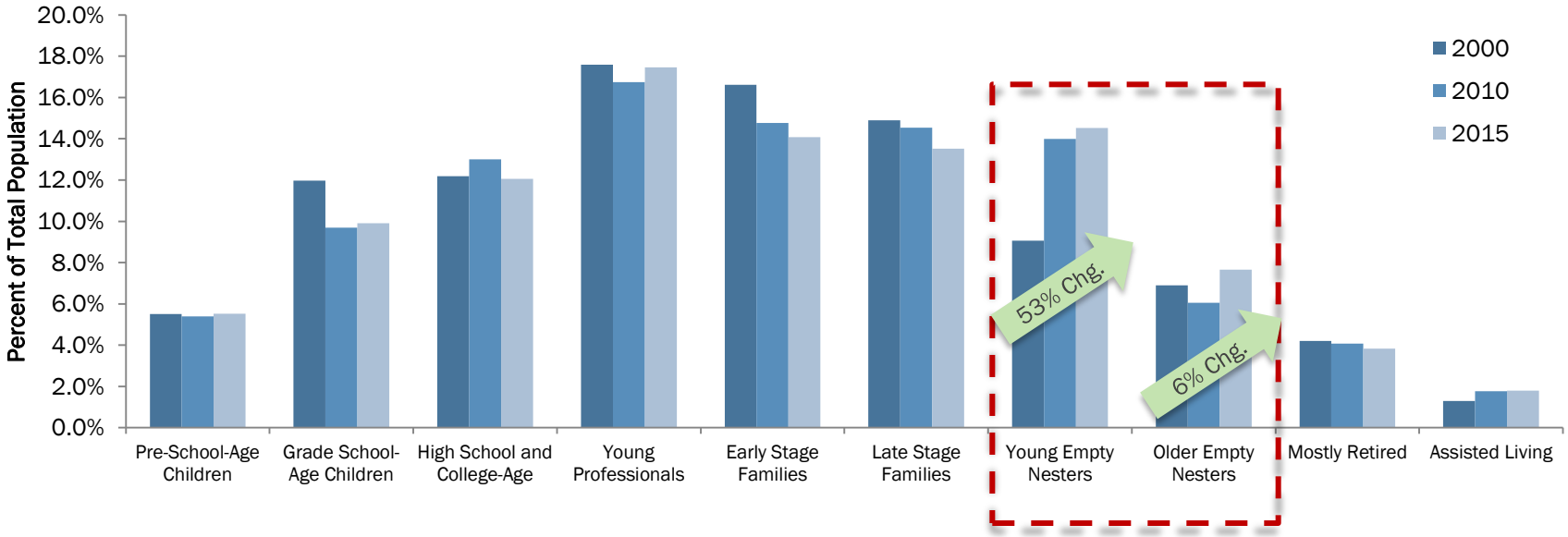



Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Age of the Population

Young professionals (age 25 to 34) represent the largest share of the population in the TOD Study Area and are predicted to remain at approximately 17 percent of the population through 2015. While persons within the 25 to 54 age groups represent the majority of adult residents in the area, trends also indicate continued growth within the 55 to 74 age cohort – a group which will exert considerable influence on the type of housing developed, specifically smaller housing units. Family populations (age 35 to 54) and grade-school children are expected to show the greatest decline in the station-area population, as they move out of the City in search of larger lots and units and stronger schools.

Figure X-#: W. 25th St. Station Population by Age Cohort

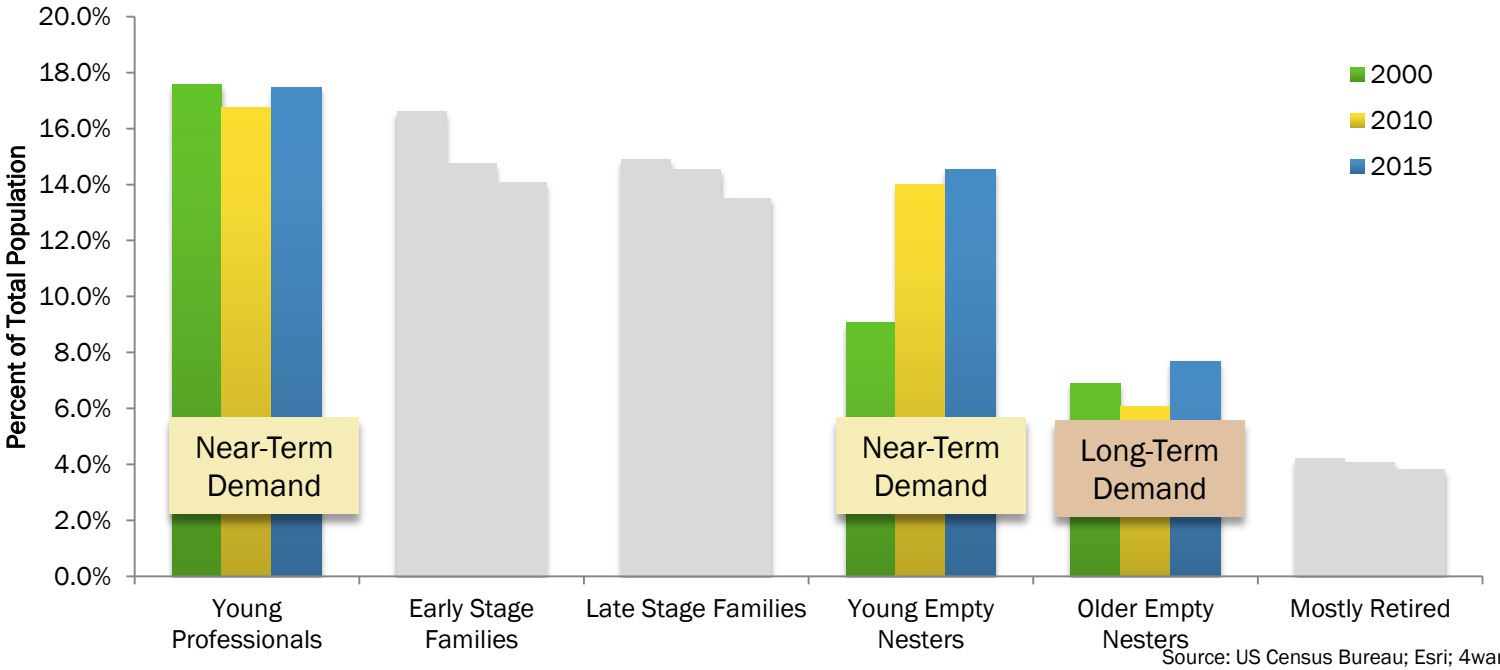



Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Age of the Population

Near-term (the next ten years) and long-term (beyond the next ten years), housing demand in the TOD Study Area will, principally, come from within the demographic groups highlighted below. These demographic groups are closely associated with downtown or urban living trends, based on national and regional migration patterns. Rental housing, rather than home ownership, is a practical option for some of these age cohorts, particularly the young professional.

Figure A-9: W. 25th Street Station Population by Age Cohorts

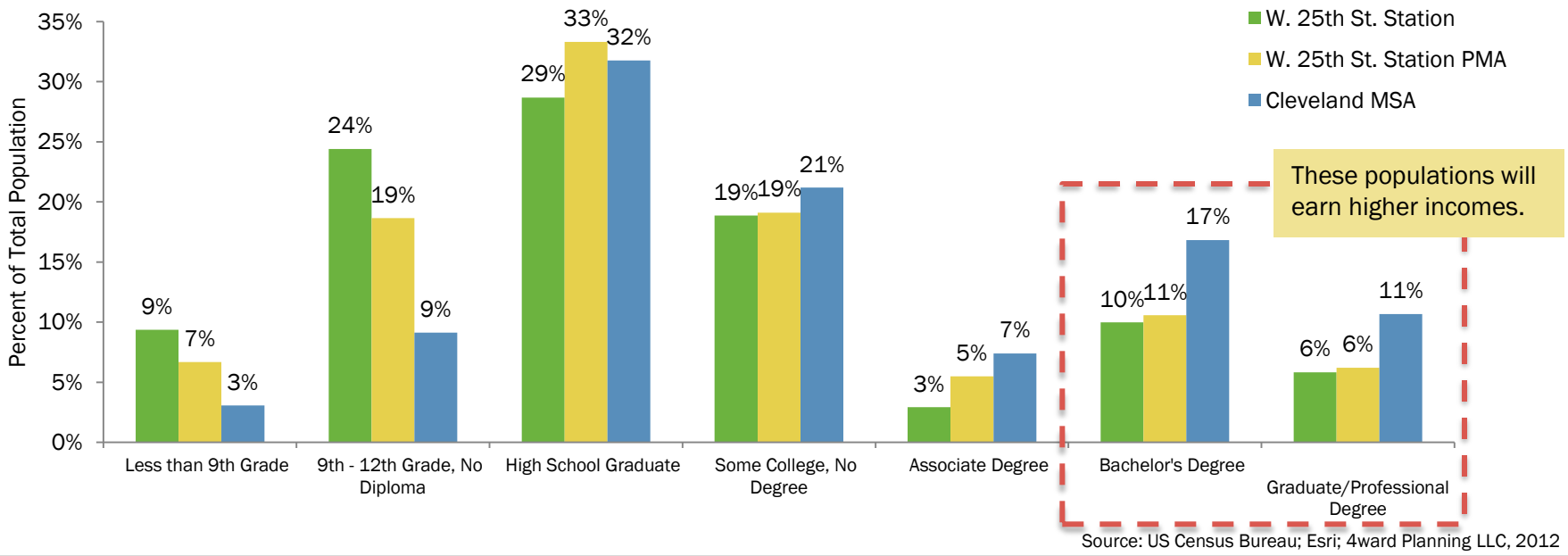



Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Educational Attainment

In the TOD Study Area, only 16 percent of the residents age 25 and older have earned a bachelor's degree or greater, far below the national average of 28 percent. Within the PMA, this number only increases to 17 percent. As educational attainment and household incomes are highly and positively correlated, this observation could be a challenge for new investment in the TOD Study Area. The area around New Mayfield Station and Shaker Square Station both have higher percentages of residents with advanced degrees. However, Mayfield Station is part of the University Circle area, which explains why more than half of residents have a bachelor's or graduate degree. Education level is relevant because it predicts incomes.

Figure A-10: 2010 Population Age >25 by Educational Attainment



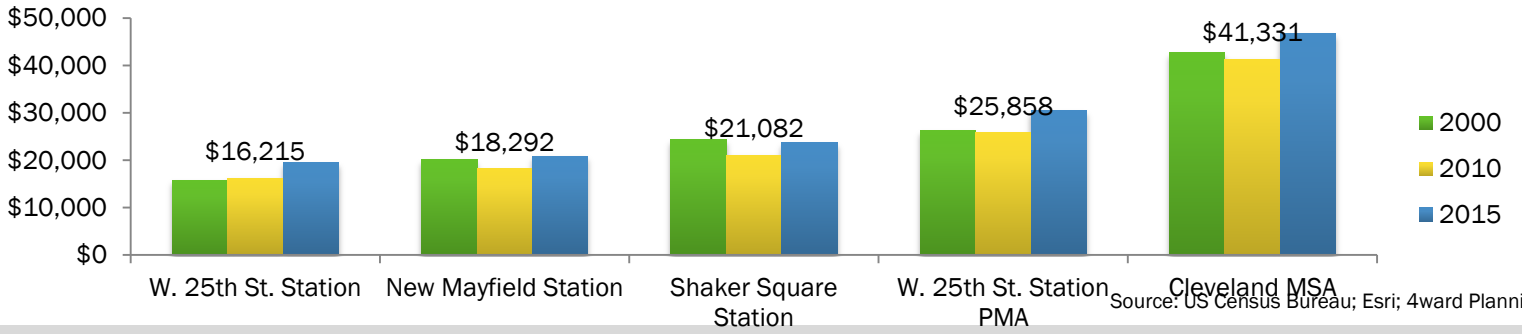

Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Household Income

People within the W. 25th Street Station Study Area are generally of lower income means, with nearly 70 percent of the households earning less than $40,000 per year in 2010 (*in 2000 dollars*). Households earning more than $75,000 per year represent a very small but fast growing (6 percent per year) segment of households within the study area (an encouraging sign). Median household income, as shown in Figure A-11, is projected to increase by 4 percent per year through 2015 in the Study Area (a larger increase than any other geography studied) but remain very low, at just under $20,000. The relatively high household income in the Cleveland MSA is reflected in a 2010 median household income of $41,331 (2.5 times the 2010 median household income figure for the study area).

The low-wealth of the study area and the relative regional affluence surrounding it suggests that prospective longer-term land-use investment in new and rehabilitated housing will need to attract those currently living in the broader geographies. Interviews with employers confirm that workers in the TOD study area would move closer to work if they could find suitable housing.

Figure A-11: Median Real Household Income (2000 $)




Source: US Census Bureau; Esri; 4ward Planning LLC, 2012

# Takeaway: Demographic Trends

The W. 25th Street station area increased its population growth in the last ten years—while all other geographies declined. In the next five years, the study area will continue to will experience a far less pronounced decline than the other geographies studied. Planned and speculative activity in Ohio City, however, could reverse this projection.

Non-family and renter households currently make up the bulk of the residential community in the W. 25th Street station area, a trend which is consistent with urban, transit-oriented neighborhoods. Housing demand/living preferences in the W. 25th Street station area will, principally, be driven by three demographic groups in the next ten to twenty years: Young Professionals (25 to 34 year olds); Young Empty Nesters (55 to 64 year olds); and Older Empty Nesters (65 to 74 year olds) – many of these persons living in one- and two-person non-family households. These demographic age groups, which are growing and relatively large in both geographies will seek smaller living quarters located in walking distance to amenities and prospective employment opportunities.

Compared to other geographies in the W. 25th Street station area, less than 16 percent of the population has advanced degrees, median household income is just over $16,000 (*in 2000 dollars*), and, while the percentage of the population earning more than $75,000 is exhibiting strong positive growth, it only amounts to 10 percent of the total population. Planned and future residential developments will attract some of those employed in the area, who already want to live closer to work. Subsequently, earnings in the TOD study area should dramatically increase.

# Labor & Industry Analysis

# Key Findings: Labor and Industry

## Declining jobs

A significant amount of primary jobs were lost since 2007—23.3 percent in the half-mile radius, 5.4 percent in the 2-mile radius, and 15.3 percent in the 5-mile radius of W. 25th Street station. Only the New Mayfield Station TOD study area, an area rich in institutional employers, experienced positive job growth during the period studied.

## More than half

Despite evidence in the demographic analysis of lower median household incomes, more than half the workers within the TOD study area earn more than $3,333 per month.

## Workers live elsewhere

The inflow-outflow analysis shows that three-quarters of the workers in the 2-mile radius of the W. 25th Street station area live outside of the study area and this figure has been increasing.

## Diverse job opportunities

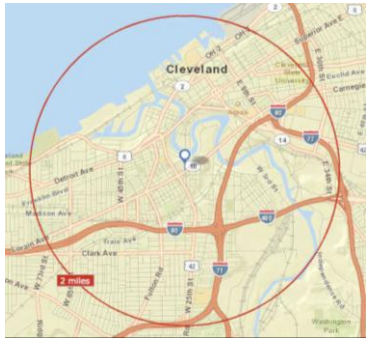
The W. 25th Street station area has a relatively diverse selection of industries. It is not dominated by one or two industries like the New Mayfield Station or the Shaker Square station study areas.

## Comparative advantage

Industries with a comparative advantage for the W. 25th Street station area include: professional, scientific, and technical services; public administration; and finance and insurance when compared with the MSA; as well as manufacturing and accommodation and food services when compared to the University Circle area.

# Labor & Industry Trend Analysis Study Areas – 2010 Summary

W. 25th Street Station (TOD site) 2-Mile Radius

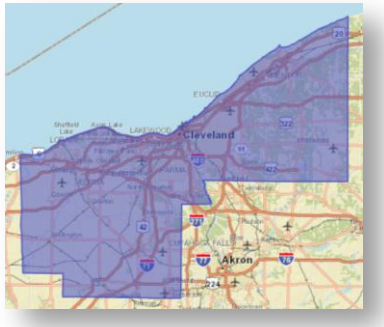



Total Primary Jobs: 111,207

W. 25th Street Station (TOD site) 5-Mile Radius


Total Primary Jobs: 195,521

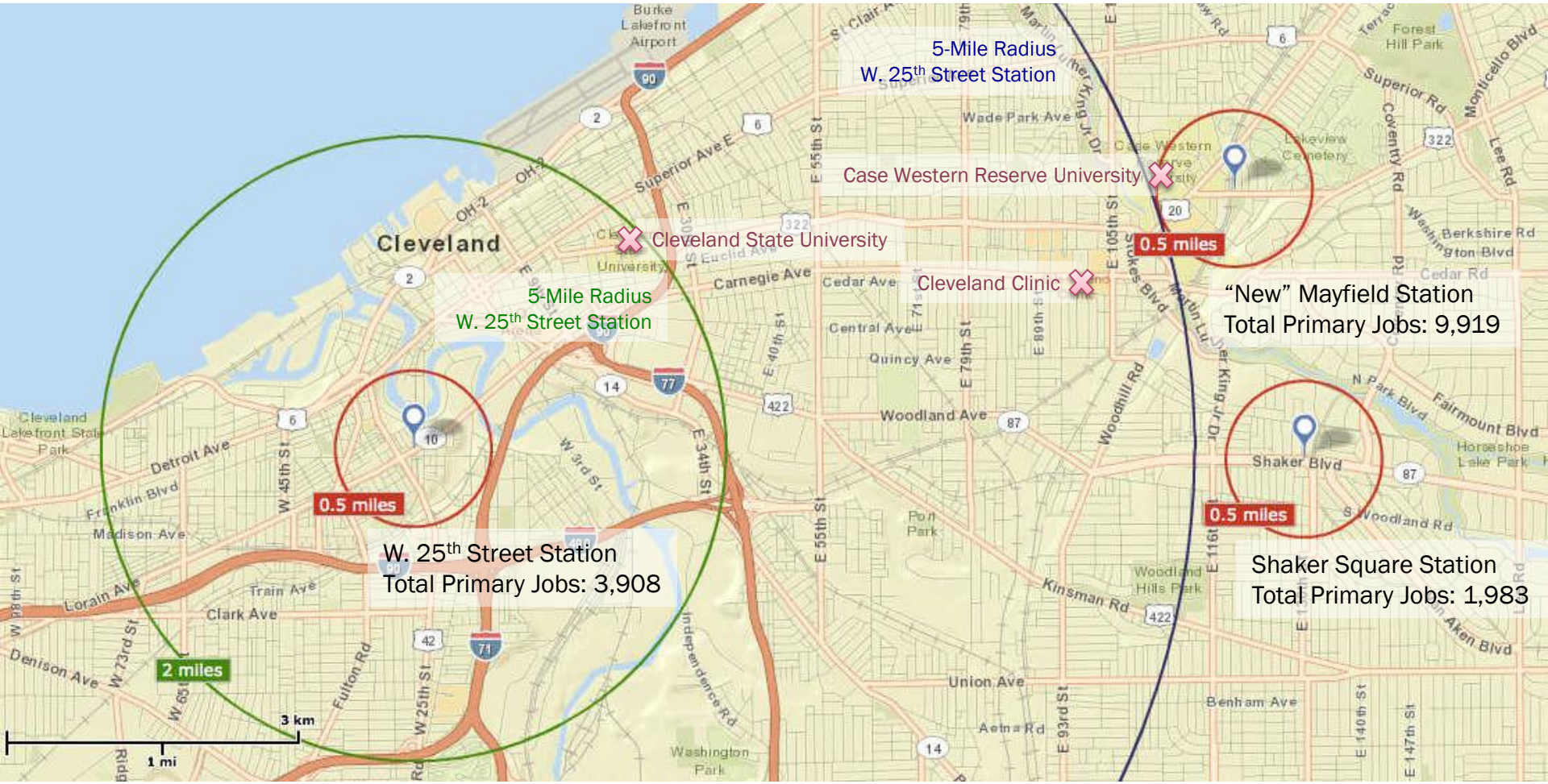
Cleveland MSA




Total Primary Jobs: 880,048

Source: US Census Bureau; Esri; OnTheMap; 4ward Planning LLC, 2012

# Labor & Industry Trend Analysis Study Areas (half-mile radius) – 2010 Summary




Source: US Census Bureau; Esri; OnTheMap; 4ward Planning LLC, 2012

# Total Primary Jobs

The W. 25th Street Station 2-mile radius (which includes Downtown and the Flats) and the Cleveland MSA experienced less than five percent decline in total primary jobs from 2005 to 2009 *(while an individual may hold more than one job, a primary job is considered that job which pays most in wages or salary)*. The 5-mile radius captures Cleveland State University, the Cleveland Clinic and Case Western Reserve University—all perceived to be significant and stable employers in Cleveland. Despite their presence, the 5-mile geography experienced job loss of nearly 13 percent.

In all geographies, job losses occurred between 2007 and 2009, concurrent with the worst of the national economic recession.

Figure A-12: W. 25th Street 2-Mile Radius Total Primary Jobs

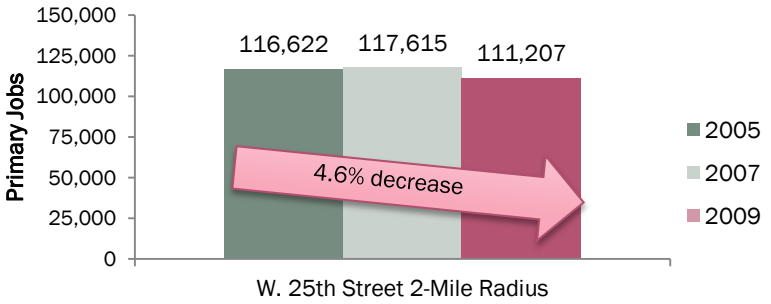



Figure A-13: W. 25th Street 5-Mile Radius Total Primary Jobs

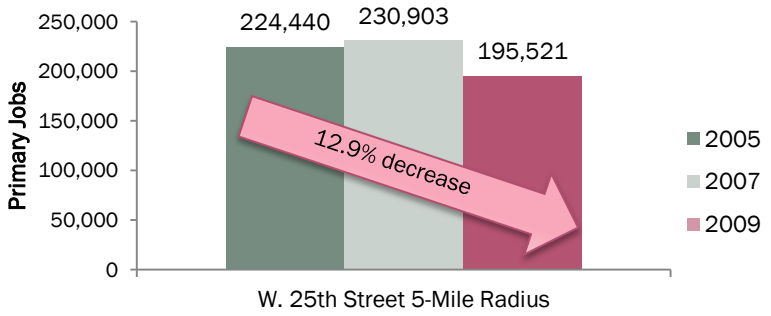
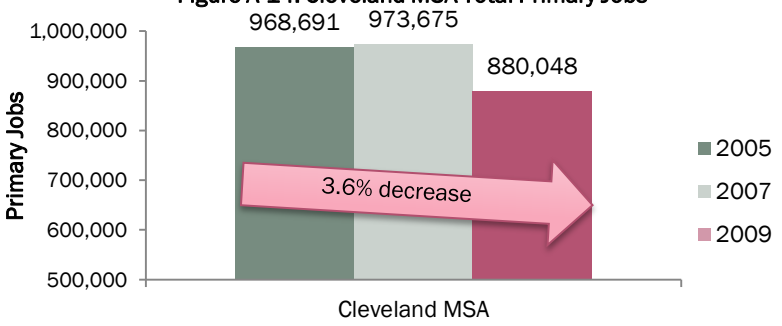


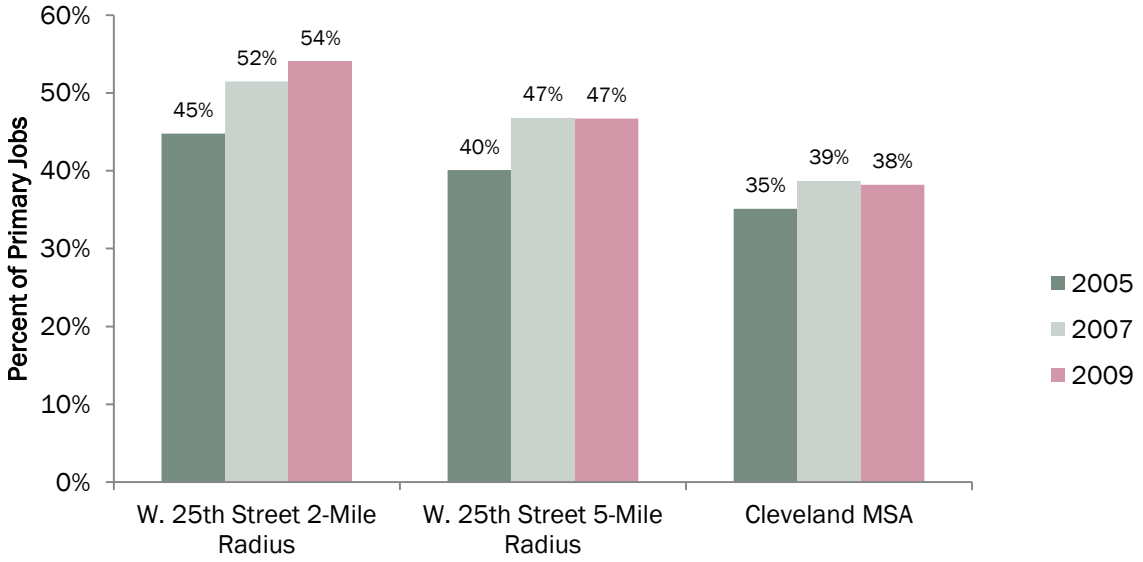

Figure A-14: Cleveland MSA Total Primary Jobs



# Earnings

The 2- and 5-mile radii of the W. 25th Street Station both have a higher percentage of workers earning more than $3,333 per month as compared to the Cleveland MSA, which bodes well for the office market. Within the 2-mile radius specifically, more than half of workers earn more than $3,333 per month and this percentage has steadily increased approximately 4 percent per year since 2005. The relatively high worker earnings in the study area indicate a competitive market for highly-skilled jobs.

Figure A-15: Workers Earning More than $3,333 per Month

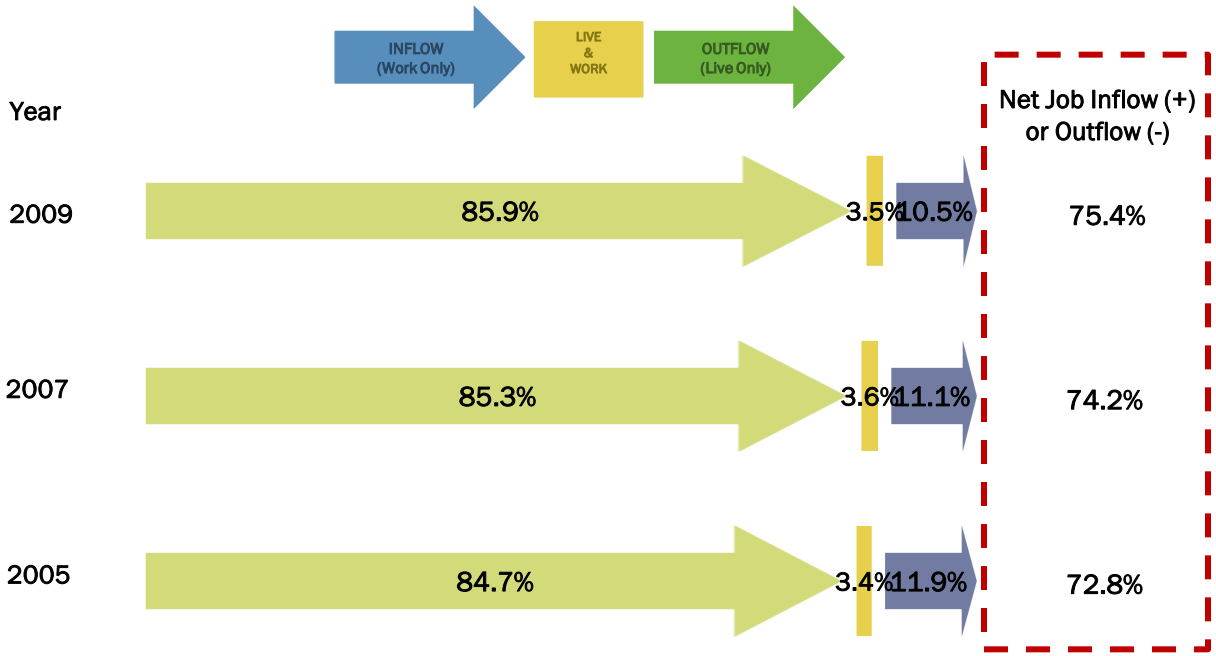



Source: US Census Bureau; OnTheMap; 4ward Planning LLC, 2012

# West 25th Street Area Inflow-Outflow: 2-mile radius

In 2009, The 2-mile radius of the W. 25th Street station had a net job inflow of 75.4 percent, as a large majority of the population commutes in to the area for work. Only 3.5 percent of total workers and residents both lived and worked in the 2-mile radius in the same year. The live and work percentage increased, but only by 0.1 percent, since between 2005 and 2009. Conversations with area employers indicate an unmet demand by some workers for housing near their jobs which can be met by new housing development.

Figure A-16: Worker Inflow/Outflow by Percent of Total Workers and Residents, W. 25th Street 2-Mile Radius

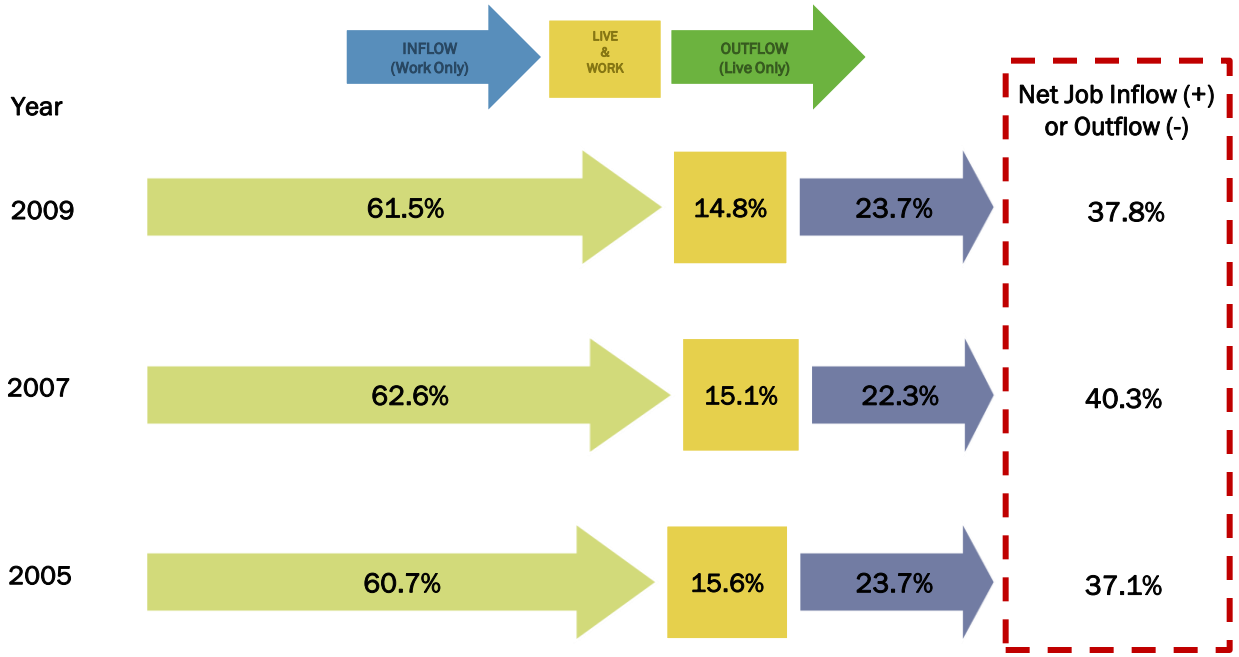



Source: US Census Bureau; OnTheMap; 4ward Planning LLC, 2012

# West 25th Street Area Inflow-Outflow: 5-mile radius

The 5-mile radius of the W. 25th Street Station exhibits a much lower net job inflow rate 37.8 percent as compared to the 2-mile radius (75.4 percent), but it too has a significant population commuting in. Inflow/outflow in the 5-mile radius has fluctuated, but the 2007 to 2009 decline of both inflow and live and work suggests an uptick in the number of area residents who either lost or left jobs within the 5-mile study area and now commute elsewhere for work, as compared to 2007.

Figure A-17: Worker Inflow/Outflow by Percent of Total Workers and Residents, W. 25th Street 5-Mile Radius




Source: US Census Bureau; OnTheMap; 4ward Planning LLC, 2012

# Work Destinations

As can be expected, the city of Cleveland is the top work destination for residents living in the 2- and 5-mile radii of W. 25th Street station. All other work destinations were geographically dispersed.

Figure A-1: Work Destinations for Residents within W. 25th Street 5-Mile Radius

| | 2005 | | 2007 | | 2009 | |
|---|---|---|---|---|---|---|
| Cleveland city, OH | 49,848 | **43.2%** | 48,634 | **43.7%** | 41,604 | **42.1%** |
| Parma city, OH | 3,738 | **3.2%** | 3,765 | **3.4%** | 3,294 | **3.3%** |
| Lakewood city, OH | 2,912 | **2.5%** | 2,906 | **2.6%** | 2,184 | **2.2%** |
| Brooklyn city, OH | 2,770 | **2.4%** | 2,770 | **2.5%** | 2,158 | **2.2%** |
| Westlake city, OH | 1,843 | **1.6%** | 1,961 | **1.8%** | 1,951 | **2.0%** |
| Independence city, OH | 2,624 | **2.3%** | 2,274 | **2.0%** | 1,943 | **2.0%** |
| Middleburg Heights city, OH | 1,740 | **1.5%** | 1,719 | **1.5%** | 1,572 | **1.6%** |
| Columbus city, OH | 2,501 | **2.2%** | 1,584 | **1.4%** | 1,424 | **1.4%** |
| Solon city, OH | 1,544 | **1.3%** | 1,611 | **1.4%** | 1,396 | **1.4%** |
| Strongsville city, OH | 1,328 | **1.1%** | 1,360 | **1.2%** | 1,380 | **1.4%** |
| All Other Locations | 44,665 | **38.7%** | 42,634 | **38.3%** | 39,805 | **40.3%** |

Source: US Census Bureau, OnTheMap; 4ward Planning LLC, 2012

# Workers by Place of Residence

Similarly, the City of Cleveland is the largest source of workers with jobs in the 5-mile study area. This has decreased over time, as more workers come from places outside of the City such as Parma, Lakewood and other locations. Conversations with the largest employers around the W. 25th Street Station suggest that the majority of their employees come from outside Cleveland, but that some would move to be closer to work if housing was available.

Figure A-2: W. 25th Street 5-Mile Radius Workers by Place by Residence

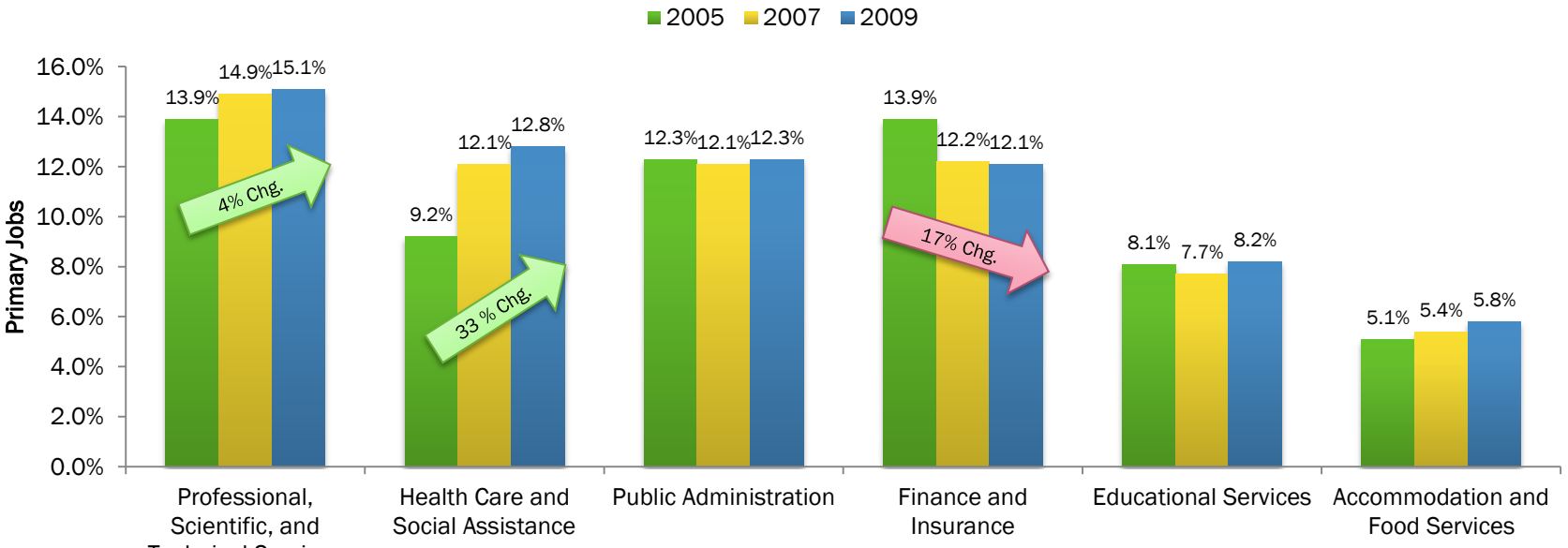
| | 2005 | | 2007 | | 2009 | |
|---|---|---|---|---|---|---|
| Cleveland city, OH | 65,702 | **29.3%** | 63,854 | **27.7%** | 52,591 | **26.9%** |
| Parma city, OH | 9,731 | **4.3%** | 9,711 | **4.2%** | 8,985 | **4.6%** |
| Lakewood city, OH | 9,109 | **4.1%** | 9,479 | **4.1%** | 8,201 | **4.2%** |
| Cleveland Heights city, OH | 5,522 | **2.5%** | 5,787 | **2.5%** | 4,521 | **2.3%** |
| Euclid city, OH | 5,230 | **2.3%** | 5,124 | **2.2%** | 4,263 | **2.2%** |
| Strongsville city, OH | 4,401 | **2.0%** | 4,509 | **2.0%** | 3,753 | **1.9%** |
| North Olmsted city, OH | 3,511 | **1.6%** | 3,727 | **1.6%** | 3,292 | **1.7%** |
| Westlake city, OH | 3,685 | **1.6%** | 3,946 | **1.7%** | 3,144 | **1.6%** |
| Shaker Heights city, OH | 3,438 | **1.5%** | 3,804 | **1.6%** | 2,793 | **1.4%** |
| Garfield Heights city, OH | 3,123 | **1.4%** | 3,272 | **1.4%** | 2,754 | **1.4%** |
| All Other Locations | 110,988 | **49.5%** | 117,690 | **51.0%** | 101,224 | **51.8%** |

Source: US Census Bureau, OnTheMap; 4ward Planning LLC, 2012

# Top 6 Industries by Employment: 2-Mile Radius

Professional, Scientific and Technical Services is the primary industry in the 2-mile radius, accounting for 15.1 percent of total employment in 2009. While overall primary jobs in the 2-mile radius declined from 2005 to 2009, certain industries did well. Of the top six industries by employment in the study area, jobs grew in the professional, scientific and technical services; health care and social assistance; and accommodation and food services industries. Health care and social assistance, in particular, had strong job growth, increasing 33 percent (approximately 3,500 jobs) between 2005 and 2007. Strong employment in this industry reflects nationwide trends.

Figure A-18: W. 25th Street 2-Mile Radius, Top Industries by Employment

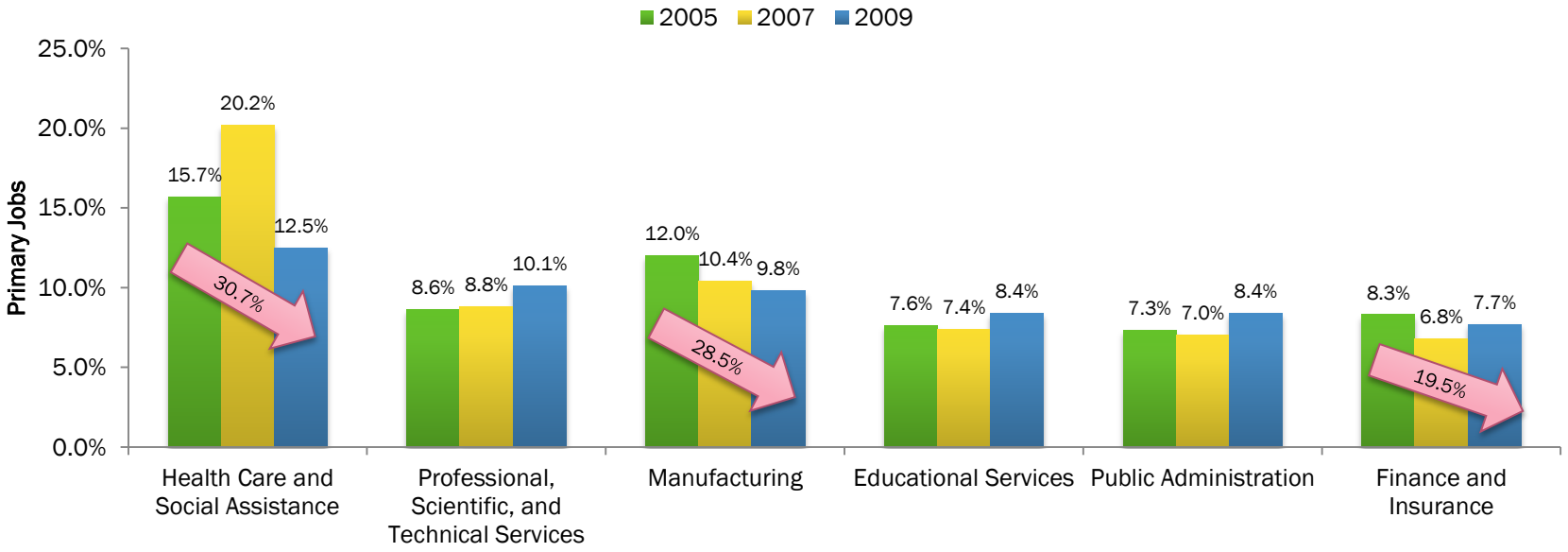



Source: US Census Bureau; OnTheMap; 4ward Planning LLC, 2012

# Top Industries by Employment: 5-Mile Radius

In contrast to its growth in the 2-mile radius, the health care and social assistance industry fluctuated considerably between 2005-2009 in the 5-mile radius. The industry peaked at 20 percent of total employment in 2007 before experiencing a 47 percent decline (more than 20,000 jobs) in two years. Despite this decline, health care remains the largest industry by percentage of employment, largely attributed to the Cleveland Clinic and its Lutheran Hospital being located here. The top industry in the 2-mile radius, professional, scientific and technical services, added approximately 400 in the 5-mile radius and is proving to be a strong industry.

Figure A-19: W. 25th Street 5-Mile Radius, Top Industries by Employment

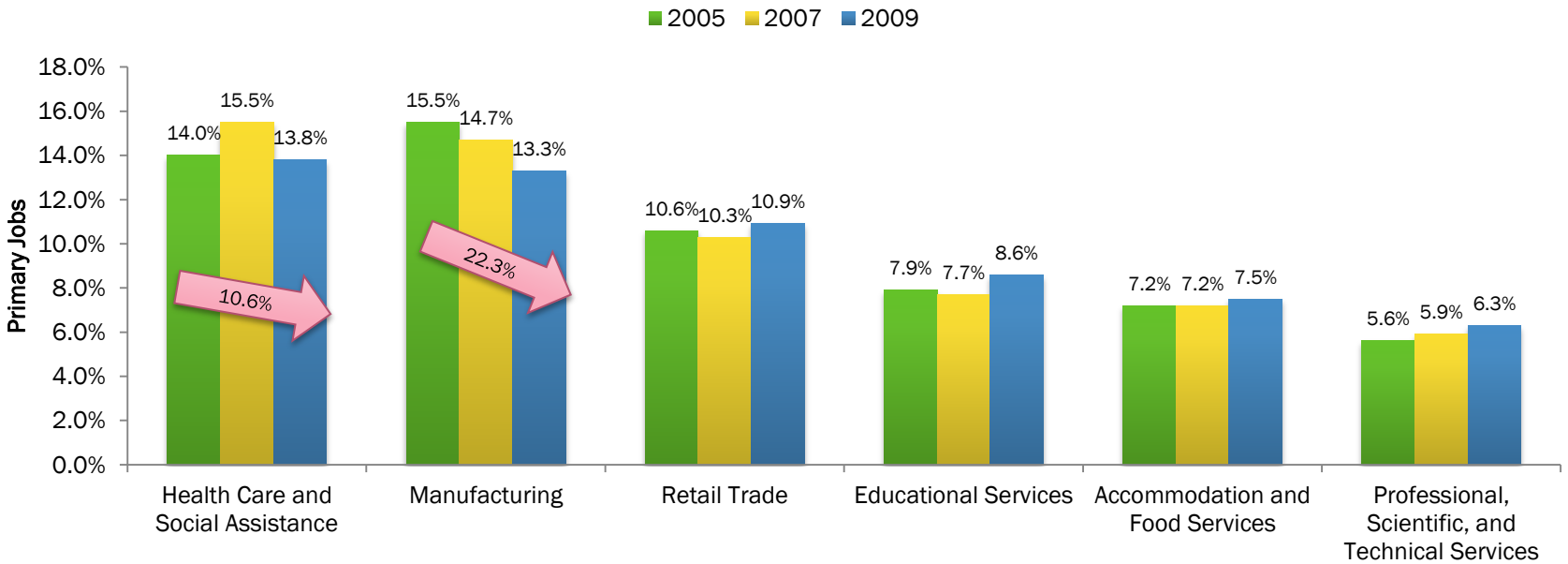



Source: US Census Bureau; OnTheMap; 4ward Planning LLC, 2012

# Top Industries by Employment: Cleveland MSA

Health care and social assistance is also one of the top six industries in the Cleveland MSA, where it has experienced a similar growth pattern as in the 5-mile radius. The professional, scientific and technical services industry experienced growth here too, but albeit weak growth (about one percent)—but is a smaller percentage of the workforce. Manufacturing is a leading industry, though declining, in the Cleveland MSA and the 5-mile radius, but is not in the top ten industries in the 2-mile radius.

Figure A-20: W. 25th Street Cleveland MSA, Top Industries by Employment




Source: US Census Bureau; OnTheMap; 4ward Planning LLC, 2012

# Top Industries by Employment: Station Areas (Half-mile radius)

Compared to the other transit-oriented areas studied, the industry mix in the W. 25th Street Station half-mile radius is quite diverse; no industry currently represents more than 20 percent of the work force. Industry diversification will allow for greater resilience amidst economic uncertainty.

**Figure A-21: Top Six Industries, W. 25th Street Station**

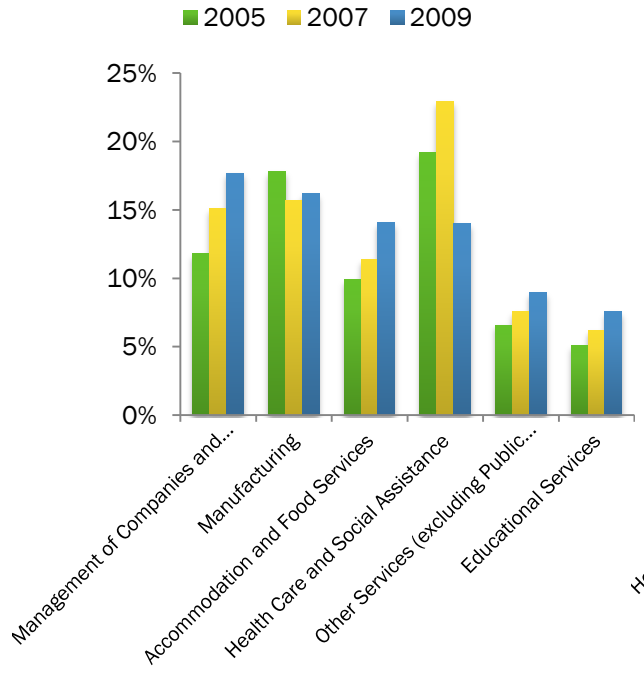



**Figure A-22: Top Six Industries, New Mayfield Station**

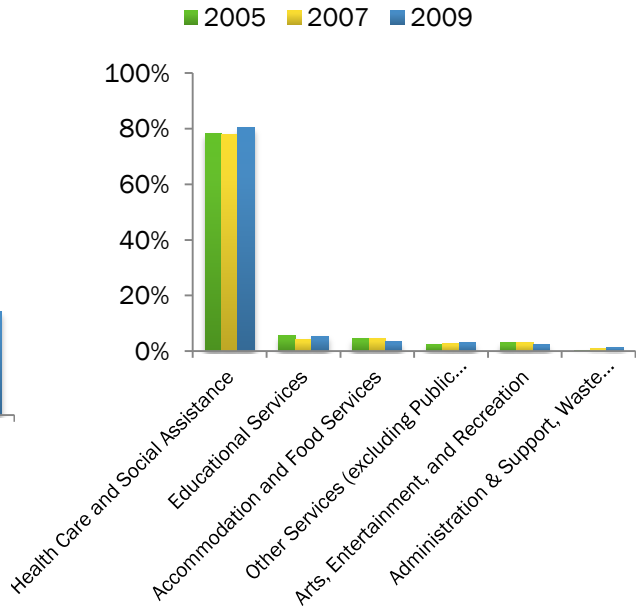
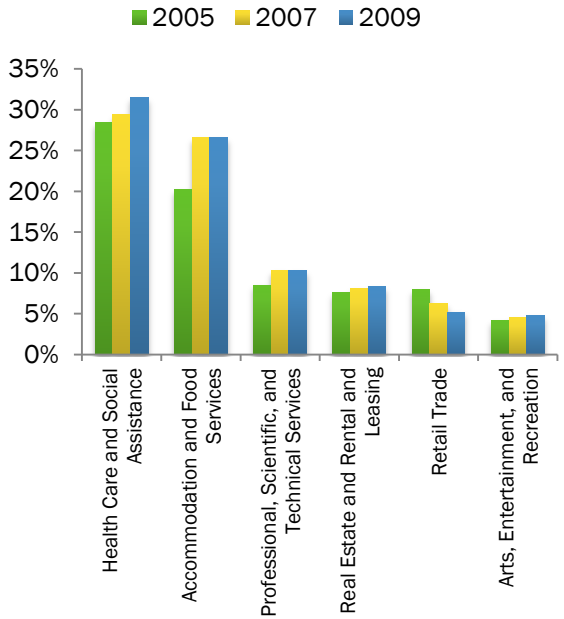



**Figure A-23: Top Six Industries, Shaker Square Station**

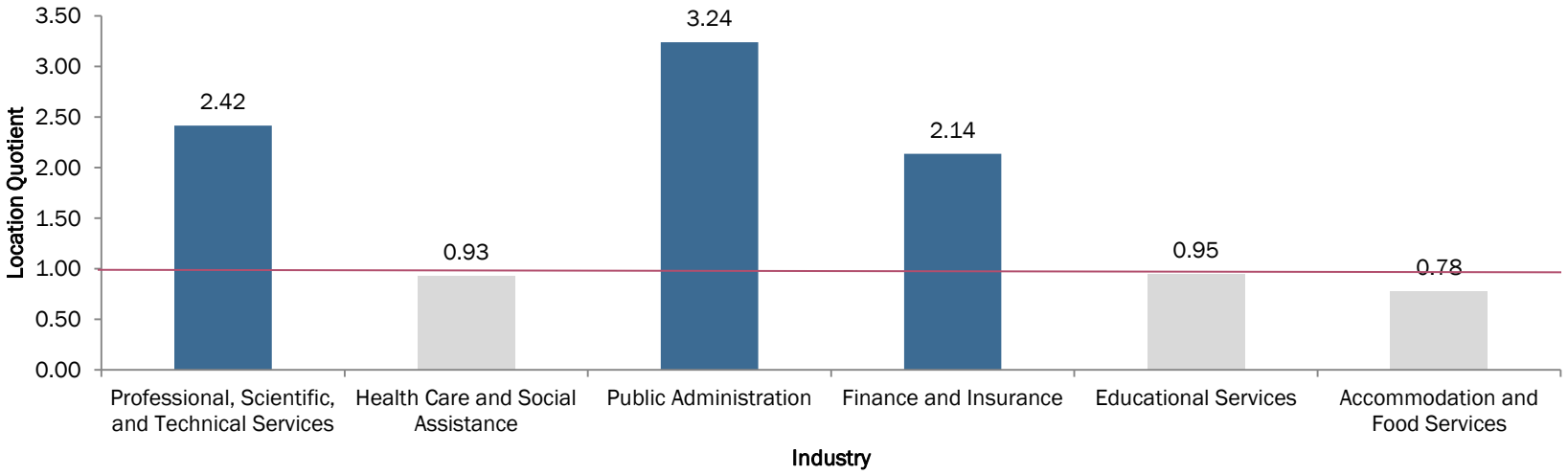



Source: US Census Bureau; OnTheMap; 4ward Planning LLC, 2012

# Location Quotient Analysis: 2-Mile Radius Versus the MSA

Location Quotient (LQ) analysis is used to compare the relative concentration of employment in a given industry for a particular geography. An LQ greater than 1.0 suggests that some employment is basic, i.e., employment in that industry exceeds the needs of the local population and therefore it is assumed that the industry exports some of its goods and services to other areas. The LQ shows that, compared to the Cleveland MSA, three of the W. 25th Street station 2-mile radius' top six industries possess some basic employment, giving them a comparative advantage over the larger regional area. Sectors with the largest amount of basic employment include professional, scientific, and technical services; public administration; and finance and insurance.

Figure A-24: W. 25th Street 2-Mile Radius/Cleveland MSA Top Ten Industries Location Quotient




Source: US Census Bureau; OnTheMap; 4ward Planning LLC, 2012

# Takeaways: Labor & Industry Trends

The demographic analysis noted the low incomes and educational attainment of the residential community in the W. 25th Street Station area. In contrast, the labor and industry analysis showed an area with high wages and a large inflow of workers. More than 85 percent of workers come from outside the W. 25th Street station area (2 mile radius) and more than half earn more than $3,333, a number that exceeds the 5-mile radius and the Cleveland MSA. As anecdotal evidence supported, these workers want to live near their jobs and will move when suitable housing becomes available.

One advantage of the W. 25th Street station area is a more diverse industry mix. Despite total job losses, the W. 25th Street station area saw employment growth in three of its top six industries: professional, scientific and technical services; health care and social assistance; and accommodation and food services. Health care and social assistance, in particular, had strong job growth between 2005 and 2007. Due to the strong presence of the this industry in the larger region, it does not offer a comparative advantage for the TOD Study Area.

The professional, scientific, and technical services; public administration; and finance and insurance industries are shown to have a comparative advantage in the TOD Study Area and should be targeted industries. These uses are consistent with the character of the area, which contains many small-footprint office buildings better suited for small scale office and professional service uses.

## General & Limiting Conditions

4ward Planning LLC has endeavored to ensure that the reported data and information contained in this report are complete, accurate, and relevant. All estimates, assumptions and extrapolations are based on methodological techniques employed by 4ward Planning LLC and believed to be reliable. 4ward Planning LLC assumes no responsibility for inaccuracies in reporting by the client, its agents, representatives, or any other third party data source used in the preparation of this report.

Further, 4ward Planning LLC makes no warranty or representation concerning the manifestation of the estimated or projected values or results contained in this study. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from 4ward Planning LLC. This study is qualified in its entirety by, and should be considered in light of, the above limitations, conditions, and considerations.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# Appendix C: Financial Feasibility Analysis Findings

# Memorandum

**To:** Nancy Lyons Stadler, Michael Baker Jr., Inc.

**From:** Todd J. Poole, 4ward Planning LLC

**Date:** April 22, 2013

**Re:** Financial Feasibility Analysis Findings for West 25th Street TOD Project

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## Background

4ward Planning earlier completed a market analysis focused on the West 25th Street RTA station area, in support of evaluating transit oriented development (TOD) opportunities within a quarter-mile of the West 25th Street RTA station. As part of its charge, 4ward Planning was tasked with performing an in-depth financial feasibility analysis associated with six hypothetical mixed-use redevelopment scenarios (*the six specific scenarios examined are identified under Table 1 of this memorandum*).

The principle objective for performing the financial feasibility analyses is to determine the minimum development density (e.g., units of housing and commercial square footage which could be demonstrated as financially viable – permitting a sufficient market rate of return, given the associated risk for undertaking a development project within the given location).

## Methodology

4ward Planning relied upon build-out assumptions provided by Michael Baker Jr. and Dimit Architects (project team member), regarding proposed land-uses within the project study area. Conventional and locally germane metrics were used for site work and construction costs (4ward Planning's local developer interview findings were particularly instructive for developing locally relevant construction metrics).

Further, to ensure that our analysis was realistic, known and/or assumed pre-development costs were identified and modeled within the financial development pro forma (e.g., demolition and general site improvements). No site acquisition costs were incorporated into the analysis, as it is assumed that the current owner of the subject redevelopment parcel would serve as the redeveloper.

Development costs associated with parking in this analysis are limited to required residential and retail surface parking, only, as it was assumed that structured parking would not be financially

feasible, given the modeled project's relatively low density and number of residential units and retail space.

The financial analyses (e.g., development and operating pro forma for each scenario examined) were performed on an unleveraged basis – that is, each development scenario was modeled without the assistance of debt, which is customary when performing a financial feasibility analysis for real estate development. Market area financial benchmarks such as the cash-on-cash rate of return (ROE) and the internal rate of return (IRR) were incorporated into the operating pro forma to allow analysis of financial viability (4ward Planning used identified financial benchmarks based on interview findings with local developers experienced with similar scale and types of development). We made an assumption that a project sale (the entire mixed-use project within a given scenario) would be sold in year 15, which is a reasonable hold period for projects of this size analyzed.

Based on two land-use phase variants for each of three scenarios modeled, 4ward Planning created six separate development and operating pro-forma (three prospective development scenarios by two iterations of each scenario). Separating out the financial analysis in this way permitted a meaningful financial return comparison, based on land-use mix and intensity.

The build-out scenarios modeled are displayed in the below table:

Table 1A: West 25th Street TOD Build-Out Scenario Details

| Scenario | Land Area (Acres) | Total Dwelling Units (DU) | Retail S.F. | DU/Acre | Retail FAR | Required Resident Parking | Required Retail Parking |
|---|---|---|---|---|---|---|---|
| Phase 1A: Vacate Gehring | 3.67 | 96 | 23,160 | 26.2 | 0.14 | 96 | 93 |
| Phase 1B: Retain Gehring | 3.03 | 96 | 23,160 | 31.7 | 0.18 | 96 | 93 |
| Phase 2A: Vacate Gehring | 4.61 | 142 | 35,648 | 30.8 | 0.18 | 142 | 143 |
| Phase 2B: Retain Gehring | 3.97 | 142 | 35,648 | 35.8 | 0.21 | 142 | 143 |
| Phase 3A: Vacate Gehring | 5.06 | 239 | 55,688 | 47.2 | 0.25 | 239 | 223 |
| Phase 3B: Retain Gehring | 4.43 | 239 | 55,688 | 53.9 | 0.29 | 239 | 223 |

**Source:** Dimit Architects; 4ward Planning LLC, 2013

Development costs associated with parking were limited to surface parking, only, as the scale of development modeled in all scenarios is insufficient to financially support the cost of structured parking. No commuter rail parking spaces (surface or structured) were included as part of this development analysis; however, it is assumed that some portion of a mixed-use development's parking spaces (surface and/or structured) *could* be shared with a public transit use. Analyzing the dynamics of shared parking falls outside of the scope of this assignment and is, therefore, not addressed here.

## Build-Out Scenarios Modeled and Key Assumptions

4ward Planning developed an Excel based financial model which allowed for creation of development and operating pro forma associated with four development project scenarios, and their associated development iterations.

Much detail was built into both the development and operating pro forma, including estimated annual inflation rates, estimated construction and lease costs per square foot, estimated demolition costs, etc. (see development and operating assumptions in the attached Excel spreadsheets).

The pro forma variables having most influence on the prospective financial return rates (e.g., cash-on-cash and internal rate of return) are as follows:

- Residential construction costs per square foot
- Market residential rental rates
- Retail construction costs
- Retail lease rates
- Residential and commercial space density

While adjustments to any of the above variables had a noticeable impact on return rates within the cash-flow model, it should be understood that all of these variables, with little exception, are subject to market forces and, therefore, cannot be arbitrarily adjusted for purposes of achieving a desired financial result. While 4ward Planning performed a limited amount of sensitivity testing by slightly adjusting the values of the above variables, no marked change in return rate was observed.

We were also careful to input variables which are considered market supportable, based on a prospective mixed-use development project. So, for example, the average per square foot residential rental rate used is $1.25, which is based on inquiries with area developers and a review of current market renal rates for new or substantially renovated apartment units near to shopping and transit amenities. The estimated per square foot construction cost used for low-rise multi-family residential units was $125 per square foot, based on input from Dimit Architects.

## Financial Analysis Findings

Below is a summary of the financial analysis findings for each of the six build-out scenarios:

- **Phase 1A: Vacate Gehring** – This build-out scenario yields the lowest dwelling unit density (26.2 units per acre) and retail floor area ratio (FAR = 0.14) of all build-out scenarios analyzed. The average annual cash-on-cash (ROE) rate of return over the assumed 15-year hold period is 7.8 percent and the 15-year internal rate of return (IRR) is 8.2 percent. These estimated return rates are considered acceptable, given the project is to be mixed-use multi-family residential. Total estimated development costs for this project, inclusive of required surface parking construction and a developer fee, is $17.8 million.
- **Phase 1B: Retain Gehring** – This build-out scenario yields a dwelling unit density of 31.7 units per acre and retail FAR 0.18, based on total parcel size of 3.03 acres (the smallest

parcel acreage among the six build-out scenarios). The average annual cash-on-cash (ROE) rate of return over the assumed 15-year hold period is 7.8 percent and the 15-year internal rate of return (IRR) is 8.2 percent, consistent with Phase 1A's financial return metrics (*the return rates are equivalent, given that the land-uses and cost of development are effectively the same as in Phase 1A*). Total estimated development costs for this project, inclusive of required surface parking construction and a developer fee, is $17.8 million.

- Phase 2A: Vacate Gehring – This build-out scenario increases the amount of multi-family residential units from 96 (Phases 1A and 1B) to 142 (a 48 percent increase or 46 additional units), yielding a dwelling unit density of 30.8 units per acre (over a total of 4.61 acres). Retail square footage is also increased from Phase 1A and 1B, going from 23,160 s.f. to 35,648 s.f. (a 54 percent increase), resulting in a an FAR of 0.18. The average annual cash-on-cash rate of return over the assumed 15-year hold period is 7.8 percent and the 15-year internal rate of return (IRR) is 8.3 percent. These estimated return rates are considered acceptable, given the project is to be mixed-use multi-family residential. Total estimated development costs for this project, inclusive of required surface parking construction and a developer fee, is $27.2 million.

- Phase 2B: Retain Gehring – This build-out scenario yields a dwelling unit density of 35.8 units per acre and retail FAR 0.21, based on total parcel size of 3.97 acres. The average annual cash-on-cash rate of return over the assumed 15-year hold period is 7.8 percent and the 15-year internal rate of return (IRR) is 8.3 percent, consistent with Phase 2A's financial return metrics (*the return rates are equivalent, given that the land-uses and cost of development are effectively the same as in Phase 2A*). Total estimated development costs for this project, inclusive of required surface parking construction and a developer fee, is $27.2 million.

- Phase 3A: Vacate Gehring – This build-out scenario envisions 239 multi-family residential units (an increase of 143 and 97 units over Phases 1A&B and Phases 2A&B, respectively) and 55,688 s.f. of retail (an increase of 32,528 s.f. and 20,040 s.f. over Phases 1A&B and 2A&B, respectively). Estimated dwelling unit density for this scenario is 47.2 units per acre (over a total of 5.06 acres – the largest parcel area among all build-out scenarios examined). Estimated retail FAR is 0.25. The average annual cash-on-cash rate of return over the assumed 15-year hold period is 7.8 percent and the 15-year internal rate of return (IRR) is 8.3 percent. These estimated return rates are considered acceptable, given the project is to be mixed-use multi-family residential. Total estimated development costs for this project, inclusive of required surface parking construction and a developer fee, is $44.9 million.

- Phase 3B: Retain Gehring – This build-out scenario yields a dwelling unit density of 53.9 units per acre (the highest dwelling unit per acre density among the six scenarios examined) and retail FAR 0.29 (the highest retail FAR among the six scenarios examined), based on total parcel size of 4.43 acres. The average annual cash-on-cash rate of return over the assumed 15-year hold period is 7.8 percent and the 15-year internal rate of return (IRR) is 8.3 percent, consistent with Phase 3A's financial return metrics (*the return rates are equivalent, given that the land-uses and cost of development are effectively the same as in*

*Phase 3A*). Total estimated development costs for this project, inclusive of required surface parking construction and a developer fee, is $44.9 million.

## Financial Analysis Findings

The above financial analysis findings demonstrate that any of the six build-out scenarios are financially viable and would, likely, provide a developer with an adequate rate of return, given project and market risks. The determining factor regarding which scale of development to pursue (1A versus 3B, for example) is the amount of financial resources which can be mustered by a development sponsor. That is, given demonstrated market support (see 4ward Planning's earlier market study for the West 25th Street TOD area) for the amount of residential units and retail square footage identified in Phases 3A&B build-out scenarios (the scenarios which propose the greatest number of residential units and retail space), the limiting factor becomes financing.