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MEMORANDUM

TO: Mayor Aftab Pureval  
DATE: September 29, 2022

Vice-Mayor Jan-Michele Kearney  
President Pro Tem Victoria Parks  
Council Member Jeff Cramerding  
Council Member Reggie Harris  
Council Member Mark Jeffreys  
Council Member Scotty Johnson  
Council Member Liz Keating  
Council Member Greg Landsman  
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FROM: HomeBase

SUBJECT: Operational Support Funding and Proposal for Pilot Programs

HomeBase (formerly the Community Development Corporation Association of Greater Cincinnati) is the partner organization for the City of Cincinnati that traditionally evaluates and administers operational support funding to community development corporations (CDCs) in Cincinnati. HomeBase also provides advocacy and training for its CDC members, as well as leverages grants from financial institutions to provide back office support and technical assistance grants to CDCs. In addition to managing the City’s operational support grant program, it also has been awarded the responsibility of administering the VTICA Program for neighborhood grants arising from redevelopment projects which made voluntary tax payments, and also manages the Neighborhood Business Districts Support Grant Program arising from the federal government’s America Rescue Plan Act.

For the last several years, the Operational Support Grant Program has been funded by three funding sources from the City of Cincinnati: HOME, Community Development Block Grant (CDBG), and the General Fund. Specifically, in the last 3-4 years, the City has allocated approximately $136,000-$151,000 in HOME funds, approximately $300,000 in CDBG funds, and $143,000 from the General Fund. Over the last several years, that means the operating support dollars that HomeBase allocates to 12-14 CDCs annually is approximately $550,000-$580,000.

HomeBase evaluates CDCs on a number of metrics, including, but not limited to, new developments created, new market-rate residential units developed, new affordable residential units created, the number of small businesses added to business districts, and place-making events held as measures to assess the success of the organizations. HomeBase then places CDCs in various tiers of success. Tier 1 organizations include the College Hill CURC, Price Hill Will, Working in Neighborhoods (WIN), Over-the-Rhine Community Housing (OTRCH), and the Walnut Hills Redevelopment Foundation (WHRF). Tier 1 organizations have many projects and developments moving forward, and have created income streams to support some operations outside of grant resources. The second tier of CDCs in the City of Cincinnati are also high performing CDCs but may have...
more limited resources and/or projects in their neighborhoods. Those CDCs include the Avondale Development Corporation (ADC), Clifton Heights Community Urban Redevelopment Corporation (CHCURC), the Madisonville Community Urban Redevelopment Corporation (MCURC), and Northsiders Engaged in Sustainable Transformation (NEST). The third tier of CDCs includes organizations like Camp Washington Urban Redevelopment Corporation, Kennedy Heights Development Corporation, Seven Hills Neighborhood Houses, Westwood Works, and Mt. Airy Community Redevelopment Enterprise—organizations that have redevelopment projects, but may not have yet been able to string together multiple projects or creating private fundraising to leverage additional dollars and projects. Some of the third tier CDCs have paid staff, some do not.

Based on the limited resources, HomeBase is only able to provide CDCs in the first tier between $55,000-$67,500 annually, organizations in the second tier between $25,000-$50,000 annually, and organizations that fall in the third tier between $10,000-$20,000 annually. CDCs case use these grants for personnel costs (salaries and benefits), audits, and utilities for their office space.

Despite the small amount of operational support grants for these organizations, CDCs have been able to leverage those dollars with other revenue streams to create sustainable organizations and transformational developments in their neighborhoods. The organizations in tier 1, notably, have been able to purchase and redevelop buildings and have ongoing streams of income to help support their growing operations. Organizations in tiers 2 and 3 do not yet have that sustainable stream of income, however, these organizations know they need to work on private fundraising and obtaining additional grant dollars to create sustainable organizations to create change in their neighborhoods.

To demonstrate the leverage achieved when providing operational support to Tier 1 and 2 organizations, let’s look at College Hill CURC, Madisonville CURC, NEST, and WHRF.

In College Hill, the College Hill CURC only began receiving operational support grants seven years ago. College Hill CURC has been able to leverage operational support grants of initially $50,000, and now $67,500, along with private fundraising, to create $85 million in development in the last six years. In that time frame, College Hill CURC has either developed or co-developed more than 79 affordable residential units in the $12 million Marlowe Court and $9 million KeyMark developments, 171 market rate units in the $35 million HaNoBe development, bought and improved buildings with 54 affordable housing units, attracted 8 new small businesses to the College Hill business district, and created a new place-making community space in Patrick’s Park.
In Walnut Hills, the WHRF has used operational support grants to create more than $80 million in mixed-use projects along and around the Peeble’s Corner business district. This has included a mix of market rate and affordable housing, including the Scholar House – affordable housing for single parents enrolled in college. The development has also included new public spaces, regular events, more walkable streets and over 20,000 sf of retail; including the city’s first Black-owned Brewery and several more minority and women-owned businesses.

In Northside, NEST has only received operational support dollars for the last 4 years, and has never received more than a $50,000 grant. But in that time, NEST has already co-developed the $12 million John Arthurs Flats project, a 57 unit affordable housing complex for independent senior living in the LGBTQ community that will occupy a formerly vacant, blighted acre in Northside’s business district. NEST’s commercial work expansion means they are currently re-developing 5,000+ square feet of commercial space 4024 Hamilton Avenue, including a new restaurant concept from local anchor business Dean’s Mediterranean, (a $1.25 million redevelopment of a building that has been vacant on the first floor for nearly a decade and vacant on upper floors for over 50 years). Additionally, NEST is co-developing the Stagecraft building, which will activate Knowlton’s Corner. NEST is also aggressively working to solve pedestrian safety issues that plague its neighborhood streets through physical interventions, beautifying the business district with a public mural campaign and working directly with the Northside Business Association to attract new businesses to the business district. All of this expansive work is occurring while NEST continues its original focus of bolstering homeownership, where they have developed 3 homes in the last 5 years, currently have 3 in process. NEST has also launched NEST Egg, a homebuyer down payment grant initiative and PAD, a low-income homeowner grant program providing emergency repairs, home upgrades and aging-in-place amenities. All of these accomplishments are occurring with one part-time Executive Director and a dedicated Board of Directors. There is no doubt the positive impact increased operational support funding would have, allowing NEST to fully staff while increasing developments and programmatic funding that positively impacts the Northside community.

In Madisonville, MCURC has used HomeBase operational support grants to leverage more than $90 million in redevelopment in the last 5 years, including the $80 million Madamore development by Ackermann Group, which brought 316 new residential units including 41 affordable units, a federally qualified health center and new dental clinic, a new library branch (doubling its current branch), and 40,000 square feet of commercial space. Operating support dollars also supported MCURC’s work to redevelop the historic Bank Building at 5900 Madison Road, transforming a vacant eyesore into two apartments and Bad Tom Smith Brewing, setting the market prior to Ackermann’s investment in the neighborhood, as well as the rehabilitation of the historic Metz House at 6111 Madison Road, an important community landmark, now home to MCURC’s office and several small businesses. In addition, thanks to the operating support grant, MCURC built 4 new affordable homes on vacant lots and rehabbed 3 homes. Nine more affordable homes will break ground this fall. In addition to property development, MCURC has led efforts to improve Madisonville’s parks and recreational space, by raising over $300,000 in State and private funds for the Little Duck Creek Trail and Bramble Park.
In 2021, recipients of HomeBase operational support leveraged their funding by bringing another $55.2 Million to their communities in private and public project dollars, tax credits, foundational support, sponsorships, etc. This funding supported over 90 projects that positively impacted the public realm, the predevelopment of 34 commercial spaces and 1,431 housing units, the development of 25 commercial units and 873 new housing units, the rehabilitation of 131 vacant units of housing, and 668 community events.

These organizations highlight the tremendously impactful work that CDCs do in our neighborhoods, and why operational support is so important for the redevelopment of a neighborhood.

PROPOSALS

Operational support dollars create tremendous leverage for the City of Cincinnati because the staff on the ground in these neighborhoods create projects that we want for all neighborhoods—affordable housing units, pedestrian safety projects, place-making events, attracting new small businesses to open in the business districts, etc.

It has become abundantly clear that we need to have more money to create more of these good projects throughout our neighborhoods so that more of Cincinnati’s 52 neighborhoods have new developments, new affordable housing units, new small businesses, and are truly providing the services we want to provide to our residents.

In addition to adding resources to support the growth of CDCs in the Proposals below, HomeBase encourages the City to consider adding an attorney to the Law Department that would work solely on neighborhood contracts. As the City understands, the federal government requires that federal funding sources—CDBG, HOME, etc.—be spent in a certain period of time. The biggest hurdle that CDCs face in project implementation is waiting for the Law Department to issue draft and finalize the contract. Whether it is operational support fund contracts, NBDIP contracts, real estate contracts, development agreements, etc., CDCs are required to wait for the Law Department to draft the contract, and often times these organizations wait for more than 6 months for those contracts to be drafted. With a dedicated attorney, HomeBase believes the City will see a faster spend down of CDBG and HOME funds, to better comply with federal requirements, and to more quickly get these neighborhood projects completed.

Proposal #1: Shared Resources to Catalyze Growth, $200,000

HomeBase would create internal HomeBase positions to assist all neighborhood organizations that don’t have enough redevelopment projects or capacity to warrant having full-time staff. HomeBase members have shared their biggest challenges: understanding and navigating development opportunities, staffing/supervising community-based events, and grant-writing/financial management – creating sustainable and diverse revenue streams to support their operations. HomeBase could create three positions designed to support neighborhood organizations that do not receive operational funding: (1) a project manager for development projects, (2) an events person to help neighborhoods plan and execute place-making events, and (3) a grant/writer/finance position. These positions could be used to help all neighborhoods have access to full-time community development minded staff that could help with creation of redevelopment projects, help with community engagement around those community development projects, create place-making events that creates a sense of identity and community in neighborhoods, and a grant-writer/finance person to help organizations with identifying grants to support projects and assist organizations with the technical and financial aspects of running non-profits in their neighborhoods.
Proposal #2: Catalyze Growth for Neighborhoods that are Under Resourced, $225,000

Increased operational support funds would allow HomeBase to target other key neighborhoods for growth, beyond the neighborhood CDCs we already provide funding to, including East Westwood/South Fairmount/North Fairmount, Kennedy Heights/Pleasant Ridge, and Bond Hill. By dedicated resources of $75,000 a year to these three target areas for a period of 5 years will allow these organizations time to create projects along Queen City Avenue, Montgomery Road, and Reading Road.

For East Westwood/South Fairmount/North Fairmount, we would suggest funding a position at an established CDC, so that individual(s) has the resources a Tier 1 CDC can provide as wrap-around services to assist that individual.

Proposal #3: Accelerate Growth in Existing CDCs, $500,000

HomeBase believes the best way to create more affordable housing developments, more market rate residential developments, and attract more small businesses to our neighborhoods is to increase operational support from the $550,000-$580,000 annually up to $1,050,000 million annually. This increase of approximately $500,000 would push tier 1 neighborhood grant support to $100,000 annually, tier 2 neighborhood support to $75,000 annually, and tier 3 neighborhood support to $50,000 annually. At a time when talented employees are leaving non-profits for higher paying jobs at development companies, these increased funds would allow these organizations the ability to retain talented individuals at CDCs and also attract new talent to create even more projects in their neighborhoods.

Proposal #4: NDC Trainings for CDCs, $9,600

As the hope is to retain talented new graduates from local colleges that are graduating with planning degrees, we recognize that we need to provide these individuals and organizations with economic development trainings. The National Development Council provides trainings in Economic Development Finance and Housing Development Finance that would be key in the training and development of CDC staff members. NDC trainings typically cost $1,600 a training, so we are proposing that we dedicate $9,600 annually for these trainings (6 individuals per year from CDCs).

Conclusion

While it is certainly true that CDCs need additional project money so they can implement pedestrian improvements, façade improvements, small business grants, etc., and we certainly appreciate the NBDSG funding to supplement the NDBIP funding source, those projects are only possible with committed and capable staff. Providing additional resources to grow and support our CDCs will build organizational capacity, equip our communities with the tools to succeed, and stimulate further investment throughout the City. If we want to see our shared goal of revitalization enjoyed by neighborhoods across the city, we need to support organizations on the ground who can effectively lead this work.
Board:

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President, Cincinnati Development Fund

Mike Cappel  
Vice President, KMK Law

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Respectfully Submitted:

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