August 2007

NEAR EAST

Redevelopment Digest

KLBNA Announces Development for East Long

Long Street Master Plan

King Lincoln Bronzeville Neighborhood Association ▪ Glavan Feher Architects

The King-Lincoln Bronzeville Neighborhood Association (KLBA) has announced plans to develop new commercial and residential for two city blocks along East Long Street. KLBNA has successfully concluded agreements with the principal land-owners along East Long between Garfield Avenue and North 17th who intend to clear existing buildings and incorporate vacant lots into a master redevelopment for the large section of the Long Street commercial corridor.

The development plan for East Long was warmly received by six members of Columbus City Council who attended a community-wide meeting for East Long Street convened by City Council at the Martin Luther King Center last month. KLBNA intends to marry its development with the new residential project underway at Monroe and Long Street being spearheaded by the Glavin Group.

KLBNA is highlighting what it terms "sustainable and appropriate redevelopment" for Long Street that includes the active involvement of community stakeholders and acknowledges the commitments of the business owners and property owners who have decades-long involvement in the revitalization of East Long. The Long Street master plan combines street level commercial with loft apartments and con-

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Cameras Don't Have Unions

Republican Mayoral Candidate Bill Todd asserts that Columbus does not have enough police officers, that their equipment is antiquated, and that the City has not thought ahead to prepare for the large number --- as much as 25% of the force --- of experienced police officers set to retire in the next few years.

Mayor Michael B. Coleman understandably takes offense at Bill Todd's assertions. The Mayor counters that Columbus is keeping pace with the city's demand for police officers, that he has ordered a bevy of new police cruisers, and that the City is turning new officers out of the Academy at a near record-setting clip.

Terming the current level of police staffing "inadequate", Police Chief James Jackson appears --- and mind you, I said appears --- to be sympathetic with Bill Todd's assessment of the state of the municipal police force. The FOP has

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Children's Restructures its Neighborhood Relations

Stung by criticisms of its treatment of near neighbors, Children's Hospital is attempting to recast its relationships with neighborhood groups on Livingston Avenue, Parsons, and in the South of Main. Children's announced an estimated $728 million expansion of its physical plant months ago, but in a tale straight out of Jonathon Swift the massive pediatric care facility has few options until it makes some friends in its immediate area of influence.

Neighborhood leaders are apprehensive about Children's intentions citing the history of the hospital's voracious appetite for real estate, its affinity for pouring thousands of linear feet of concrete, its huge checkbook, and its use of its political clout to transform large tracts of the near south and the near east areas by working its will whenever and wherever it has an advantage.

The district was stunned when Children's demolished a brand new $5 million dollar structure that had been open for barely one year and then proceeded to demolish additional residential property on Livingston Avenue to clear the way to build yet another multi-million structure to replace the facility.

Children's has had fragile relations along Livingston Avenue with tensions that date back for more than two decades. In the early 1990's Children's created and sponsored the Livingston Avenue Collaborative in an effort at once to appease its critics and expand its freedom of action. The Southside United Neighbors, led by Katie Radford, weren't buying it and Children's failed to secure a reliable vehicle to promote neighborhood collaboration.

More recently, Children's ran up against the Parsons Avenue Merchants Association when Children's abruptly changed its mind about a proposed parking facility at Parsons and Livingston Avenue. When it was unable to obtain site control for its priority location, Children's constructed its new Children's Advocacy Center on a surface parking lot it owned on the south side of Livingston. Children's subsequently purchased additional land at Parsons and Livingston to construct replacement surface parking and engaged the neighborhood in a collaboration to design appropriate landscaping.

Shortly thereafter, Children's changed its mind and announced construction of two five-story parking garages on the site. In an effort to cooperate with Children's, Parsons Avenue Merchants conceded to the changes but requested that Children's construct ground floor retail space on the portion facing Parsons Avenue. Children responded that the neighborhood was not viable and they were not willing to consider the merchants' proposal.

In the late 1980's and through the mid-1990's, Children's Hospital purchased multiple residential properties on the side-streets to the east of the hospital on the south side of Livingston. In a plan announced by former Children's CEO Stu Williams, Children's expressed its intentions to buy up residential properties over a period of years and eventually demolish them to clear the way for hospital expansion. As the result, Children's ventured into the residential property management business; but in the end, tenant screening was faulty and crime rates have gone up in a formerly stable residential district.

The new Children's is apparently headed west and north. Children's has purchased large pieces of land on the northwest corner of Parsons and Livingston and is reportedly eyeing the property owned by Columbus Public Schools farther west along Livingston. On the north, Children's has purchased land along 18th as far as Mound Street on the north side of the I-70 freeway.

Children's is now also considering renovating the residential properties to the east for the purpose of encouraging more of its professional staff to live closer to hospital. By promoting residential opportunities, Children's is hoping to reduce demand for employee parking and appease critics who point out that Children's is largely a commuter campus. Few of Children's professional staff actually live in the district.

City Stumbles at King-Lincoln

The City of Columbus' King-Lincoln North of Broad Street (NOBO) initiative has taken a step backward with the failure of the City's developer for a key component of the City's plan to revitalize residential properties on East Long Street.

The City had targeted four buildings and five nearby vacant lots between 20th and 21st Streets to build or renovate up to thirty-two (32) residential units. The City provided $386,000 in hope of spurring market-rate residential and private homeownership as part of the City's ambitious plan to revitalize a large portion of East Long Street.

The cornerstone of the City's King-Lincoln plan is the rehabilitation of the Lincoln Theatre located just two blocks west of the failed residential project. The renovation of the Lincoln Theatre has encountered its own share of delays including failing to qualify for a federal historical renovation grant last autumn.

Lincoln Theatre restoration is also experiencing cost-creep; growing from a $9 million to an anticipated $12 million price-tag between the end of 2006 and June of 2007. In December, City Council approved $8 million for the Lincoln and the Franklin County Commissioners tossed-in an additional $4 million for the project. The Lincoln has already expended $1 million in State of Ohio capital funds that the City was awarded for the project in 2000. The King Lincoln District Redevelopment Corporation is overseeing Theatre renovation and nearby City-sponsored redevelopment projects.

In total, the failure of the City's developer leaves the City on the hook for a little over $180,000, which includes some federal pass-through dollars. An additional $340,000 is owed to three different private lenders including Nationwide Realty Investments and National City Bank's Community Development Corporation. In their current condition, the four buildings and five vacant lots appraise at approximately $185,000.

In addition to the $9 million the City has already expended or committed to Lincoln Theatre restoration, the City has invested an additional $6 million on East Long largely for capital infrastructure improvements, but also for federally subsidized low-interest rehabilitation and business loans and $350,000 for signage for the district. The City has also invested $585,000 for the acquisition and demolition and streetscape costs associated with the former Whitney Young apartments located just north of East Long Street. Details for the redevelopment of that site have not been announced.

The City's residential difficulties on Long Street raise concerns about the City's ability to manage its much more aggressive "Home Again" program. Home Again involves the expenditure of $25 million in City dollars over a period of six years to acquire, renovate, and resell an estimated 1,000 distressed residential properties on the open market.

Right out of the box, the Home Again stumbled when the Affordable Housing Trust Corporation, jointly funded by the City of Columbus and Franklin County, resisted the City's overtures to become a partner with the City to implement the program. After some haggling, which included the abrupt departure of the Housing Trust's Executive Director, the Trust entered into an agreement with the City and is now managing the holding company in which the City is parking the residential real estate while it undergoes renovation.

Liquor Control Asleep at the Switch

A former carry-out on East Main Street began selling alcohol at the end of July. The problem was the neighborhood had voted the precinct dry in 1999 and successfully sustained three subsequent challenges at the polls. But the State recently provided a license anyway. The Monroe Avenue Blockwatch spotted the gaff and called the Liquor Commission. Even then, the State dragged its feet. But the block watch insisted and got the error corrected.

The Redevelopment Digest is a bi-monthly publication of the MSBA, 923 East Main Street, Columbus, 43205. For information: call 253-2963. Circulation: 9700.

Understanding Community Properties of Ohio

At 1100 units scattered among 200 different buildings (there were several hundred more in Louisville, Kentucky), the Broad Street Management was the single largest scattered site project-based Section 8 portfolio in the United States. It was also one of the worst managed; earning a well-deserved reputation as the "housing of last resort" by the early 1990's. These rental properties are concentrated near Ohio State in Weinland Park and on the Near East side.

Originally created in the late 1970's and early 1980's under the HUD Section 8 "substantial rehabilitation" program, the Broad Street portfolio was a complicated group of thirteen (13) limited partnerships created to take advantage of the tax code and multiple federal residential rehabilitation and rental-assistance subsidy programs.

Prior to the reform of the Tax Code in 1986, investors in limited partnerships could offset their incomes for federal tax liability by incurring so-called 'passive losses' from investments in rental real estate in which the investor took no active role in the management. Such losses coupled with the advantages of accelerated depreciation on real property attracted significant investment dollars. The real estate was secured by 40-year FHA mortgage notes. Among the 300 or so investors in the Broad Street portfolio's limited partnerships is a goodly handful of prominent Columbus civic names. After the Code was reformed, 'passive losses' could only be offset against 'passive earnings'. When that occurred, the investment pool for the Broad Street Management dried up.

Operating budgets for the portfolio relied upon federal (HUD) Section 8 Housing Assistance Program (HAP) contracts attached to the property. Under these 20-year agreements, the federal government paid directly to the Broad Street Management the bulk of the monthly rent that was due for each unit that was occupied. The median tenant contribution to the rent was under $100 monthly, some tenants contributed as little as $10 toward their monthly rents.

After 1986, Broad Street Management subsisted on the revenue from federal rent subsidies; there was little screening of tenants and property maintenance was kept to a minimum in order to maximize cash flows for the owners. The portfolio was universally disliked by residents, neighborhood groups, and the city.

An independent assessment cited drugs and alcohol, gang activity, gun fire, prostitution, domestic violence, trash and vandalism and graffiti as endemic problems with these properties. The portfolio likely reached its lowest point in 2000 when HUD provided two $250,000 drug abatement grants to Broad Street Management to pay for targeted crime abatement initiatives in Weinland Park and along Livingston Avenue. One year later, when a study was conducted to assess the effectiveness of these federal dollars, it turned out that the situation had actually gotten worse during the period the $500,000 was expended.

But it was federal policy changes initiated by President Bill Clinton that set the stage for the eventual sale of Broad Street Management to the Ohio Capital Corporation for Housing (OCCH). Many of the 20 year Section 8 HAP contracts were expiring and the federal government had the opportunity to negotiate new terms for another 20 contract. Faced with a ballooning budget for project-based Section 8, the Clinton administration worked with the Congress to introduce the HUD Mark-to-Market program. Under Mark-to-Market, a separate division of HUD (OMHAR) was created to assess the condition of these federally subsidized and federally insured project-based properties across the country and to evaluate whether the rent subsidies provided by the federal government were properly aligned with the actual rents commanded by other rental units in the same market.

In many instances, including Broad Street Management, OMHAR concluded that the federal government was paying property owners

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City Purchases the Same Property Twice

A four-year long effort by the City of Columbus to create what the City officials characterized as a "significant economic catalyst" for the eastern end of the Main Street commercial corridor came to an abrupt halt in the early Spring when the anchor tenant decided not to locate a store at the site.

The proposed development stirred up neighborhood controversy in early 2006 when the proposal became public. Home-owners living near the site were dissatisfied with the quality of the renovation plan offered by the City and began a series of challenges which dragged on into the January of 2007. The challenges to the City renovation designs went away when the project stopped after the anchor tenant withdrew.

Since then additional details about the level of the City's commitment to the site have surfaced. As it turns out, the City employed public funds to purchase the site at Linwood and Main Street not once, but twice. In 2003, $379,000 in Emergency Human Service dollars from the City's general fund were employed to purchase the property. Two years later, the City provided another $500,000 in federal pass-through dollars to purchase the same site again.

In both instances, the same land-owner was the beneficiary of the City's twofold investment in the real estate.

SOMB Welcomes Buster Douglas

The South of Main Blockwatch (SOMB) has welcomed James 'Buster' Douglas as its newest member. The SOMB works to empower the neighbors through activities that promote a clean and safe and beautiful environment.

SOMB meets the first Saturday each month at 10:00 a.m. at the Main Street police precinct substation. The former heavyweight champion's firm, Douglas Development, is building a new project on land Douglas owns on East Main Street.

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excessive rent subsidies. OMHAR announced its intentions to reduce the rent subsidies to the affected property owners. When property owners argued that the new rental subsidies were not sufficient to pay the bills, OMHAR offered to restructure their mortgage payments in order that the property owners could meet their debt service for the real estate and made some federal money available at favorable terms to renovate these properties.

During the same period, HUD Director Henry Cisneros determined that federally supported residential properties which created concentrated pockets of poverty in multiple adjacent properties or in limited geographies served the interests of neither residents, neighborhoods, nor municipalities. Cisneros wanted to "disperse" or "deconcentrate" these federally induced pockets of poverty. Originally focusing on public housing, but later expanded to include the majority of federally subsidized residential properties including project-based assistance, the policy became a national HUD objective and remains in force today as an obligation required for municipalities receiving federal HUD funds.

Next Cisneros chose to emphasize "consumer choice" for individuals receiving federal rent assistance. The result was that the Clinton administration pushed for increases in the budget for portable 'tenant based' Section 8 vouchers and significant caps in expenditures for immobile 'project based' Section 8. The policy initiative also sought to encourage "market competition" among the owners of subsidized rental properties and complemented President Clinton's effort to rein in the costs associated with federal Section 8 rent-subsidies.

Faced with 'insufficient' rental subsidies, a high turnover rate, and the prospect of negligible returns to ownership, Broad Street Management was for sale. Funded by the university and concerned about negative impact of the 500 or so Broad Street units in Weinland Park and neighborhoods close to the University, Campus Partners sought to purchase these properties.

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raised the issue in the past. The FBI publishes different sets of numbers that, if not entirely inconsistent with one another, at least provide ample fodder to give credence to the claims from both Mayoral camps.

For many citizens, the claims and counter-claims can be baffling. When the City announces that it is building new police precinct substations, so called "neighborhood policing centers", as in the case of the two facilities recently unveiled near Ohio State and for the Far East side; critics point out that "yes" building new substations is good news, "but" these stations are largely not staffed because there are not enough police officers to go around.

In recent weeks, Mayor Michael B. Coleman has suggested another proposal which adds a different twist to the debate about the adequacy of police protection in Columbus. Also, it seems that at least some members of City Council are sympathetic to the idea. The Mayor wants to try out the crime-deterring potential of surveillance cameras in neighborhoods.

Video cameras! Let us install video cameras in the public right-of-way so we can watch out for or at least watch the criminals be criminals. In England, where they still have Kings and Queens and Wimbledon and cricket, and they used to have the Irish Republican Army, video surveillance has apparently become a way of life. Video surveillance has been popular in corporate settings and for retailers for years. More recently it has become pretty standard fare in post-9/11 public buildings. But to be certain, it must be acknowledged that the jury still appears to be out regarding the use of video cameras in places like bathrooms, corporate boardrooms, and on private golf courses, where we all know the really important decisions get made and too often the real criminals hang out.

What does all of this say about "big government?" Is constant surveillance or the potential for constant surveillance compatible with traditions of civil liberty and personal privacy?

All of this does seem to reinforce the consensus that crime is a problem in the Columbus neighborhoods. The only argument appears to be which neighborhoods are the most affected. In recent weeks, the crime rate in the University district has made the news, but only last month criminal activity ran the parish priest out of the rectory at Atcheson and 20th Streets.

Visualizing the effective deployment of video surveillance along public streets in Columbus neighborhoods is very challenging. Video camera's attached to street signs, suspended from light poles, hanging from tree branches, affixed to benches and trash containers in places like Berwick? How exactly does all of this work?

If we concede the point that the Columbus police force has a "manpower" problem, then the purpose of the video proposal is self-evident.

The problem with police officers is that, well --- they are people. They have families and mortgages, they get sick and injured, they have pensions, they get hungry, they get frustrated, they have good days and bad days; and worst of all, they cost too much. Video cameras suffer from none of these shortcomings. Video cameras do not have unions. And video cameras always do exactly and only what they are instructed to do.

On the other hand, if we do not concede that video cameras are a substitute for police officers, then the proposal comes down to its feasibility and appropriateness. Do video cameras discourage crime or do they just make it easier to catch the criminals? Or maybe, they do both; then maybe they do neither? But for certain, don't count on the FBI to issue statistics demonstrating or disproving their effectiveness, because whatever numbers they send us are almost certain to be inconclusive, most especially because the comprehensive employment of video cameras in urban neighborhoods has never been tested. As to the appropriateness of wide-scale video surveillance in neighborhood settings, that is a matter for personal preference.

At the end of the day, the value of this proposal amounts not to a calculation but to an emotion. Do you feel safer today than you did a few years ago?

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When Broad Street Management responded that Campus Partners must purchase the entire portfolio if Campus Partners wanted to get control of the units near Ohio State, Campus Partners entered into lengthy negotiations with Broad Street which resulted in an agreement to take control of all the Broad Street Management properties.

In July of 2001, Campus Partners submitted to HUD its plan for the portfolio which became known as the "Alternate Restructuring Plan." Acknowledging the new federal policies, the plan proposed to deconcentrate between 300 and 500 units through sale or demolition, relocate existing tenants for occupied units under federal supervision, and proposed an estimated $40 million renovation plan for the remaining properties which would be funded through a combination of loans, grants, and other public financing tools. The plan was endorsed by the City of Columbus. Two organizations in the Near East took exception to the Campus Partners plan because it lacked specific language regarding deconcentration of subsidized units located in the Near East.

By the end of 2001, Campus Partners had entered into an agreement with the Ohio Capital Corporation for Housing (OCCH) for OCCH to accept the leading role in the redevelopment of the Broad Street properties. Campus Partners assumed a minority role in the new partnership. To redevelop the properties, OCCH created a new subsidiary organization "Community Properties of Ohio" (CPO) to redevelop and manage the properties. The CPO redevelopment plan called for the deconcentration of 300 units through sale to market rate buyers or by demolition and attached a $66 million price tag to the cost of redeveloping the remaining project-based properties.

Throughout 2002 and leading up to the final closing in April of 2003, OCCH worked with HUD, community groups, Broad Street Management, tenants and other affected parties to restructure the portfolio. Negotiations with Broad Street Management hit a major snag when the representative for the investors balked because the sale of the properties would create "adverse tax consequences" for the 300 plus investors. Because the properties had been fully depreciated, the investors would be required to pay capital gains taxes on the revenues they earned from the sale of the real estate. Broad Street Management and OCCH settled on a "work around" by which the investors continued to own the real estate by remaining in the new consolidated limited partnerships as minority partners in corporations controlled by OCCH. Next, instead of buying the properties, OCCH purchased the property management company.

On the Near East Side deconcentration efforts ran up against local politics associated with an unrelated proposal initiated by the local housing authority to consider redeveloping the Mt. Vernon Plaza. While still in its exploratory stage, COHHIO Director Bill Faith took offense because he had not been consulted. Faith quickly secured a resolution from Columbus City Council in which Council stated its opposition to even thinking about the redevelopment of the Plaza. The Plaza exploratory effort disbanded, and Faith inserted his organization into negotiations between neighborhood groups and OCCH regarding the deconcentration of the Broad Street properties. Eventually a little less than 50% of the properties promised by OCCH/CPO to the neighborhood were successfully deconcentrated.

Campus Partner's efforts to de-concentrate Broad Street Management units are focused on eliminating 94 units along East 11th Avenue. East 11th Avenue in the University District has been identified as an "opportunity site" in the city-sponsored process to prepare a community plan for Weinland Park. Treating East 11th Avenue as Weinland Park's new "front door," Campus Partners wants to convert East 11th Avenue into a boulevard and make it an attractive entrance to Ohio State. The planned redevelopment would complement the redevelopment of the nearby Columbus Coated Fabric's site owned by Campus Partners and being redeveloped with the support of the City of Columbus and OCCH. To-

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date, Campus Partners has not yet begun the deconcentration of the 11th Avenue properties.

OCCH/CPO began renovating the former Broad Street properties in 2004. The renovation is being financed entirely though a series of public investment programs, including City of Columbus federal pass-through (HOME) dollars, revenue bonds issued by Franklin County, funds from the Affordable Housing Trust, federal Low Income Housing Tax Credits and Historic Tax Credits, federal subordination of the original debt, and new federal loans secured by FHA mortgage insurance. The original redevelopment estimate by Campus Partners of $40 million, subsequently amended by OCCH to $66 million, has proven overly-optimistic. At the present time, the publicly secured renovation cost for the properties currently exceeds $100 million with additional public funds still required before OCCH/CPO completes the project. Costs associated with tenant services are not available. Additional funds are also required for security.

Because OCCH/CPO has run up against funding caps for several public programs, OCCH/CPO has broken the project up into eight (8) separate packages and enlisted partnerships with the Columbus Housing Network, the Columbus Housing Partnership, and the public

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dominiums. Asserting that affordability is a major key to sustainability when it comes to central city revitalization, the KLBNA plan places a premium on designs that produce middle market residential products and accommodate the requirements of small business.

By bringing its development partners who own the land to the table with its lead developer at the front-end, KLBNA expects to create an ambitious development agenda that avoids the neighborhood contention that so often hinders neighborhood revitalization. The western end of the development is already anchored by the Hamilton Park Place Condominiums, located at Hamilton and East Long, developed by Columbus attorney John Waddy. Partnering with the Phoenix Rehab Group, Waddy has renovated the four-story building originally built in 1909. Hamilton Park now features 12 one- and two-story condominiums.