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Fleet Avenue Revitalization Strategy

Robert A. Simons
Cleveland State University, r.simons@csuohio.edu

Kirby Date
Cleveland State University, k.date@csuohio.edu

Georgina Figueroa

N. Colt Ossoff

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Maxine Goodman Levin
College of Urban Affairs

Center for Economic Development
Center for Community Planning and Development

Prepared for:

Slavic Village Development

Chris Alvarado, Executive Director

Marilyn Mosinski, Economic Development Director

Tony Brancatelli, Ward Councilman

Prepared by:

Roby Simons, PhD

Kirby Date, AICP, RLA

Georgina Figueroa

N. Colt Ossoff

**FLEET AVENUE
REVITALIZATION
STRATEGY**

2121 Euclid Avenue Cleveland, Ohio 44115

<http://urban.csuohio.edu>

*Supported by funding from
Cleveland Neighborhood
Progress Inc.*

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1. EXECUTIVE SUMMARY

Slavic Village Development, Inc., the nonprofit community development corporation in the Slavic Village neighborhood of Cleveland, engaged the Center for Community Planning and Development at Cleveland State University to assist with a revitalization strategy for Fleet Avenue. The study team was charged to work with SVD leaders and the neighborhood’s City Councilman, Tony Brancatelli, to evaluate market opportunities for food production businesses and local retail, and to develop an overall parcel-by-parcel strategy for commercial rehabilitation, and new commercial and housing infill on the street.

Fleet Avenue has many advantages as a site for retail and food-related businesses, including direct freeway access, close proximity to vital neighborhoods such as downtown, Ohio City, Tremont, and University Circle, available land and buildings, pedestrian “walkable” scale, recent investment in street renovation, several dedicated property owners and business owners, and low rents.

Food production. “Food production” is defined as businesses in food-related industries, including food and beverage manufacturing, specialty food markets and shops, catering, contract food services, and mobile food services (food trucks). In particular, small scale food production is of interest on Fleet Avenue due to the small size of existing buildings and parcels, and the possibility for creating a walkable pedestrian “main street” scale on the street. Demand generators for food-related businesses include food trucks, restaurants, and households spending on food purchased outside the home. General Findings are as follows:

- The overall market for food-related businesses in Cuyahoga County is growing.
- Food trucks, restaurants, and overall household demand for “food purchased outside the home” are shown to be expanding.

- A comparison of the proportion of food-related businesses in Cuyahoga County vs the state and nation show that expansion of food manufacturing, specialty food sales, and special food services in the Cleveland area are all generally supported.

The Pittsburgh Strip District is a model of a food production strip that contains a variety of food-related businesses, ranging from restaurants, taverns and breweries, to specialty and ethnic markets, to small scale local food manufacturing such as sausages and baked goods.

Research into individual small-scale food production businesses shows that space needs vary considerably from 500 to 10,000 square feet, depending on the individual business plan. Space needs are not related to the type of product as much as the business owner's aspirations and definition of their product and market. It will be important to match spaces available to individual business needs to the extent possible.

Prototype case studies were developed which illustrate typical costs for building renovation and new construction to suit food production-type businesses. Development appeared to be feasible, with required rents in the range of those possible on the street; however return on investment was on the low side, indicating a need for public subsidy and financing assistance to make projects work.

Food Hubs. "Food Hubs" are defined as development models where one or more food-related businesses are accommodated with a range of supportive services such as kitchens available on an hourly rate, shared supply procurement, storage and administrative space, business plan counseling, training and marketing, and even onsite garden space for crop production. Food hubs are growing in popularity, with several in Ohio and in many major cities. Every one is different; the range of facilities and amenities is selected to meet the organizer's intended market and local needs. For Fleet Avenue, the idea of a food truck support hub was explored, due to lack of space for food truck accommodations at competing hub properties in Cleveland. Other Ohio cities, and models in other cities, have provided food truck hubs with success and there is currently no similar facility in Cleveland. In addition, a "micro-restaurant" hub concept was explored. Models include the Baltimore Food Hub, and the Zipper hub in Portland, Oregon.

A prototype food truck hub development was explored as a property rehab, and as new construction. Both appear to be financially feasible, again with subsidy to provide a reasonable return on investment. As part of this analysis, a typical food truck pro forma was developed to confirm that needed rents and costs to support the hub facility were affordable by the users.

Local Retail. The primary market area (PMA) for Fleet Avenue was mapped, and analyzed for demographics and inventory of available retail goods and services within the PMA. Primary competitors of the area are the commercial strip along Broadway, and at Harvard Village to the south. There are about 28,000 people living within the PMA, in about 11,000 households, with a total household buying power of \$342 million. These households are somewhat younger than

the average for the City of Cleveland and Cuyahoga County, with a somewhat lower mean household income, while the number of seniors in households is about the same. The number of households without access to a car is substantially higher (30%) than the City of Cleveland (25%) or Cuyahoga County (13%). Average household size is 2.5 compared to City and County (both around 2.3). Mean household income is lower, at \$30,497, compared to the City (\$39,092) and County (\$64,869). A previous market study showed that there were about 7,000 employees working within a 5-minute drive of the Slavic Village neighborhood, and many more (88,000) within a 10-minute drive.



Retail niche analysis shows that there is potential capacity for local retail in the following areas:

- Full service restaurants
- Catering
- Books/music
- Clothing/shoes
- Hardware/home/garden
- Home furnishings
- Jewelry
- Musical instruments
- Office supplies/stationery
- Toy/craft/hobby
- Legal services
- Real estate services
- Dental offices

Figure 1 Overall Strategy Map



Source: CSU CCPD

Overall strategy. In addition to a detailed parcel-by-parcel inventory of the street and parcels immediately adjacent, property condition, retail suitability, and vacant parcel availability were reviewed. Detailed information is included in the Appendix. An overall strategy was developed with three distinct development strategy zones:

- 1) On the west end, from East 49th to East 57th, a **food production strip or cluster** with rehabbed buildings to suit food production businesses, possible new construction to accommodate a food truck hub and/or micro-restaurant hub, and possible hoop house or garden space.
- 2) On the east end, from East 63rd to the houses east of East 65th, a **dining/retail specialty focal area**, taking advantage of existing specialty restaurants and available space to expand the critical mass and vibrancy of restaurant uses.

3) In between, a **housing infill/local and neighborhood retail/service area**, which provides several large assemble-able sites for new mixed use and housing development, and rehab-able properties for the types of goods and services that would support residential uses. An existing grocery, Laundromat, tax services, hair salon, and flower shop would be enhanced with additional businesses such as legal and dental services, dry cleaning, hair/beauty, fitness, and more.

Caveats and restrictions. It is noted that no market study or strategy can reliably predict the success or failure of any business. Important factors include business owner strategy, vision and marketing savvy; management competence; availability of capital; collaboration with other businesses; and overall economic market conditions, all of which are beyond the scope of this project. In addition, we were unable to access the interiors of buildings, and so had to rely on County Auditor assessment of building condition for the suitability analyses. Finally, environmental status of Fleet parcels were explored, but can be unpredictable on any historic revitalizing street. It is highly recommended that the next steps be for SVD and its partners to look closely at building condition, parcel and soil characteristics, and suitability in light of specific business interests in order to provide the best match for each parcel on the street.



2. INTRODUCTION

2.1 Study purpose and analysis questions

Slavic Village Development (SVD), a nonprofit community development organization, engaged the services of the Center for Community Planning and Development at Cleveland State University to evaluate revitalization opportunities for Fleet Avenue in the Slavic Village neighborhood of Cleveland. Work by SVD and its several strong partners over the last ten years has focused on facilitating neighborhood housing market recovery from accumulated stresses associated with the economic recession, the subprime loan crisis, and the housing foreclosure crisis of 2007-2010. Many significant successes have been achieved, including widespread rehabilitation of homes, substantial demolition of vacant/abandoned homes, reduced blight on neighborhood streets, and construction of new homes. Work on neighborhood restoration has created synergies with other successful efforts including a P16 educational initiative with Third Federal Savings, development of the Morgana Run Trail, health programs in collaboration with MetroHealth at its Broadway clinic, and restoration of Fleet Avenue itself as a complete street with bike and pedestrian amenities. SVD has also worked to draw people to the neighborhood through a number of community events, such as the Pierogi Dash run, music concerts with the Cleveland Orchestra and other local performers, arts events including Rooms to Let and public art installations, and a summer farmer's market held on Fleet Avenue.

As Cleveland neighborhoods have recovered from the housing market challenges, small-scale retail and manufacturing businesses have begun to thrive. Certain neighborhoods in Cleveland, including Ohio City, University Circle, Downtown, and Tremont, have seen significant expansion of vital neighborhood commerce. Recently, SVD has received inquiries from businesses looking to locate in the Slavic Village neighborhood, recognizing the opportunity present in a location close to downtown, with affordable space. In particular, food production businesses have been approaching SVD for assistance related to locations on Fleet, with its direct access to I-77. Several new businesses have located on the street already, and a handful of dedicated property owners have been restoring buildings and looking for tenants. SVD engaged the Levin College planning team to address these opportunities directly, with the following purposes:

- Investigate the market opportunity for food-related business on Fleet Avenue
- Update market analysis for local retail on Fleet, drilling down on previous retail analyses for Slavic Village in general
- Prioritize opportunities for rehabilitation and new construction, for both commercial and housing, on Fleet Avenue

In the spring of 2017, after this study was well along, Slavic Village was chosen as the target neighborhood for \$1 million investment in new business development through CNBC's Cleveland Chain Reaction program, Glazen Urban, and several partners. The strategy in this analysis was presented to the Chain Reaction investors in support of their decisions about businesses to receive investment opportunities through the Chain Reaction program. (Zelman, 2017)

2.2 Previous analysis

SVD has done substantial planning in the area over the last twenty years, starting with a City- and SVD-led Fleet Avenue Design Plan completed in 2006. (Schmidt Copeland Parker Stevens, 2006) More recently, SVD and Neighborhood Progress Inc. led development of a comprehensive neighborhood action plan in 2007, which was updated in 2012. (Slavic Village Development, Neighborhood Progress Inc, & City Architecture, 2007) (Slavic Village Development, City of Cleveland, & Cleveland Housing Network, 2012) A demographic analysis for the Broadway/East 55th area was done by Forest City in February of 2015. (Forest City Development, 2015) Two CSU Center for Community Planning and Development projects laid the groundwork with preliminary retail analysis for the entire neighborhood in 2015 and 2016. (Date, 2015) (Date, Simons, Thomas, LaPrade, & Oscar, 2016)

Relevant findings that were identified in those studies included:

- There are 30,000 residents and 15,000 workers are within the overall neighborhood primary market area

- There is room for expansion of the local retail market and several neighborhood-level goods and services, including small scale professional office
- General retail (discount, fast food and general merchandise) is oversupplied in the neighborhood

The 2016 CSU study also noted the growing importance of food-related businesses in supporting main streets as the “new anchors”, and providing attractive and unique experiences for visitors.

2.3 Outline of the report

This analysis addresses three distinct markets on Fleet Avenue: food production business; food hubs; and local retail. They form the three central chapters of the report. This introductory chapter lays the groundwork for revitalization on Fleet, with attention to existing conditions, zoning and the neighborhood. A final fifth chapter lays out an overall recommended strategy for Fleet Avenue, with priorities for commercial rehabilitation, and identified opportunities for new commercial development, housing, parking, open space, and pedestrian linkages.

Within each of the chapters on food production, food hubs, local retail, and overall strategy, information is provided on supply and demand, and the subject market. In addition, models are identified from elsewhere outside Northeast Ohio as examples of what can happen here. Finally, case studies were developed for prototype sites that would be typical for Fleet revitalizations, with preliminary pro formas demonstrating sources and uses of funds for development.

2.4 Background on Fleet Avenue

The Slavic Village Neighborhood

The Slavic Village neighborhood is located in south central Cleveland. Its is traversed from north to south by Broadway Avenue, tying in to major connectors I-77 and I-490 to the north, and I-480 and Miles Road to the south. Downtown Cleveland and University Circle are within 7 minutes’ drive via East 55th Street and Broadway Avenue, and there is an additional I-77 interchange at Fleet Avenue.

The Slavic Village neighborhood was once home to 70,000 people at its population peak in the 1940’s. The main intersection of Broadway and 55th was the center of the largest commercial center outside of downtown Cleveland, and housed banks, department stores, and three- and four-story retail buildings. Fleet Avenue to the south was a main street in its own right. Now home to a population closer to 12,000, the neighborhood has seen substantial disinvestment at Broadway and 55th due to its larger retail spaces. Fleet Avenue, a secondary main street to the south, is smaller in scale and is seeing slow revitalization with longtime specialty ethnic Polish

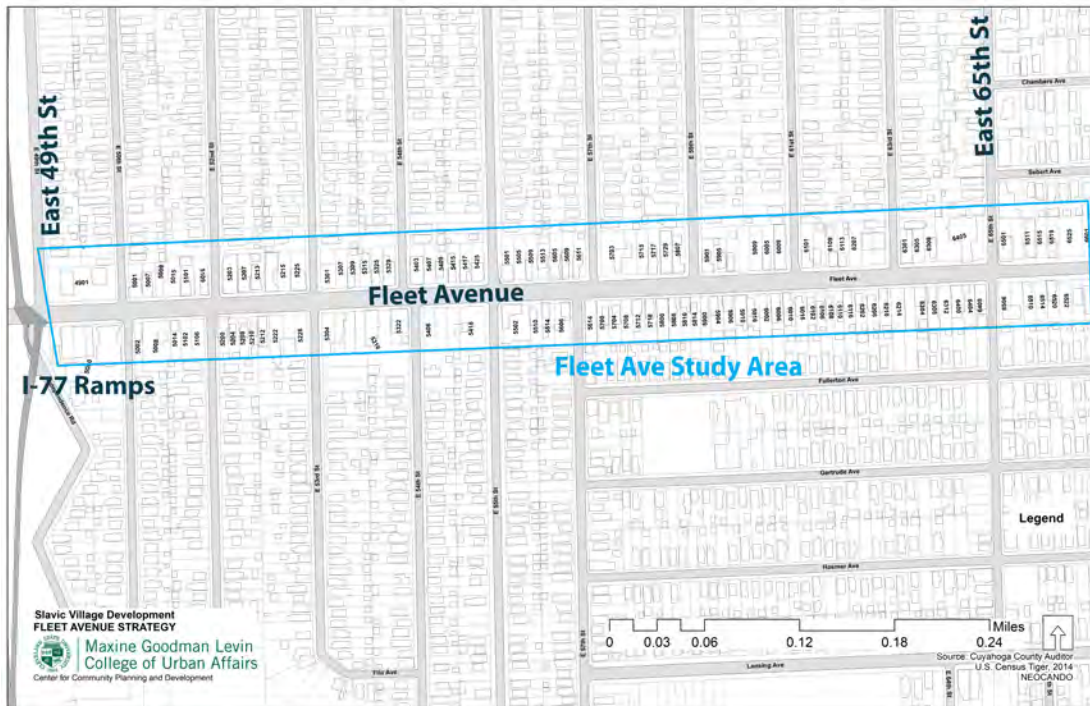
foods, a longtime family restaurant, and some new interest in smaller specialty shops. Further south on Broadway are the typical strip of newer chain commercial establishments. The neighborhood overall is base to several major anchors, including Third Federal Savings' headquarters, a major MetroHealth center, Cleveland Central Catholic High School, two Catholic parish churches, and a full range of K-8 Catholic schools. About 9,000 people work within a 1-mile radius of the neighborhood center. Morgana Park and the Morgana Run Trail run through the neighborhood, along with Mill Creek with the 40-foot Mill Creek Falls. The neighborhood was the "ground zero" for the mortgage/foreclosure crisis in 2007-9; however much effort and reinvestment has led to model programs for neighborhood housing and revitalization that are slowly driving property values up.

Figure 2 Slavic Village Neighborhood Location Map



Study Area. The area addressed in this study includes Fleet Avenue from the I-77 interchange at East 49th Street to the west, to the end of commercial parcels just east of East 65th Street. The first row of parcels on the north and south sides of Fleet Avenue were the primary properties addressed, but vacancy, land use and property condition were considered for three to four parcels to the north and south along streets crossing Fleet.

Figure 3 Fleet Avenue Study Area



History of Fleet Avenue. Fleet Avenue was initially developed between 1892 and 1912, and structures consisted mostly of wood frame houses. Due to the presence of a major commercial center at East 55th and Broadway, commercial uses on Fleet Avenue were historically neighborhood-serving, with many food-related establishments added including grocery, butchers and bakers, and other neighborhood goods and services. The arrival of the streetcar along Fleet in the 1930's led to the addition of more commercial establishments and restaurants. The street became even more a commercial center when Fleet was extended to Broadway in 1937, and when I-77 was constructed, with its Fleet interchange, after World War II. Postwar, Fleet retained its vitality as a center of an intact neighborhood, bolstered by a strong ethnic community, long after many other Cleveland neighborhoods had begun to decline. (Schmidt Copeland Parker Stevens, 2006) However, typical city decline had its influence over the years starting in the 1970's, which continued through the economic recession and housing foreclosure crisis beginning in 2007. Vacancy and deferred property maintenance has led to the deterioration and/or loss of many buildings and businesses. Today, Fleet has received recent investment, including a complete street renovation, setting the stage for future development and renewed urban vitality.

Figure 4 Existing Conditions (see Appendix for larger map)



Existing Conditions

The existing conditions on Fleet Avenue were analyzed as shown on the Existing Conditions Map. See the Appendix for a larger version of the map.

Street Assets. Assets of Fleet Avenue as a retail and food production location include immediate freeway access, with easy connections to downtown, University Circle, surrounding neighborhoods, suburbs. Relatively low rents and/or land costs are both an asset and a challenge, as low rents are attractive to small businesses, but result in lower return for property owners. Fleet has abundant available land, which appears to be relatively low in environmental concerns (see below). Fleet’s abundant available vacant buildings are also both an asset and a challenge, offering location opportunities to new businesses, while lacking (at least for now) strong existing street vitality. However, Fleet’s pedestrian scale and new street renovation set the stage for a vibrant future street life. Many of the vacant buildings are former food production catering or restaurant spaces, with associated infrastructure, parking and kitchen/dining spaces that would lend themselves to new food-related and retail uses.

Additional assets include the presence of a few longstanding businesses and engaged property owners, a strong local Community Development Corporation, and an engaged Councilperson, Tony Brancatelli. Involvement by institutional partners in the neighborhood, including Third Federal Savings, Metro Health, the Catholic Diocese and several diocesan schools and churches, is strong and committed to neighborhood improvement. Recently, several food production and other businesses have located to Fleet Avenue, including Saucisson, a local sausage maker; and a printing shop. Campbell's Popcorn, and a Steakhouse are among businesses which have expressed interest, and the current Chain Reaction program has attracted several more. Inca Tea has recently located in the vicinity, while not within the immediate study area.

Challenges. Fleet Avenue's challenges, from a retail and food production standpoint, include the low rents and high number of vacancies mentioned earlier, as well as vacant land, with an associated "Gap-toothed" occupancy/building pattern. Any retail activity on Fleet will be dwarfed by extensive nearby retail on the Broadway and Harvard Avenue commercial business corridors.

Many commercial main street buildings on Fleet have been repurposed for residential and other uses, which will require substantial renovation, if feasible, in order to restore storefronts. In addition, many commercial buildings on Fleet were developed by property owners beginning in about 1900 as add-ons in front of existing residences, and their construction quality is not predictable as appropriate for future commercial use.

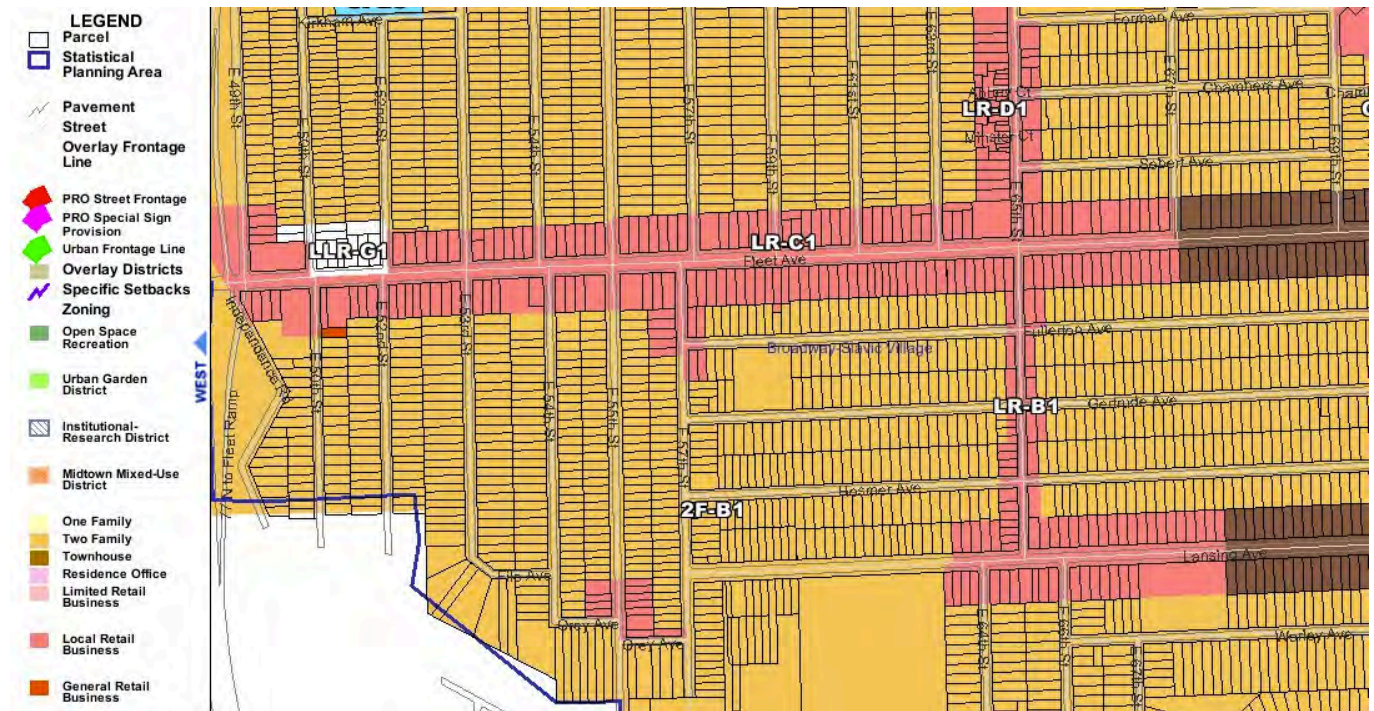
While Fleet Avenue enjoys the engagement of several strong property and business owners, many other property owners are not quick to cooperate with SVD. It remains to be seen if this changes over time with the Chain Reaction interests and increasing vitality on the street. Finally, the Fleet Avenue neighborhood displays characteristics typical of many Cleveland urban neighborhoods, including a large proportion of households with low incomes, and associated deferred property maintenance, vacancy and foreclosure patterns.

Environmental Conditions. Only one address in the study area has an active underground storage tank: 4901 Fleet, the BP station at the far west end of Fleet near the I-77 onramp. Three additional addresses in the study area are former gas stations and have had underground storage tanks removed: 5422 Fleet (Former Tom's Marathon); 5705 Fleet (currently Rudowsky's Automotive, formerly Rudowsky's Citgo); 6525 Fleet (former filling station). Additional information in the databases on former tank content, construction and date of activity and removal is included in the appendix to this report. ("Ohio Department Of Commerce | Division Of State Fire Marshal," n.d.) Recently, an unlisted underground storage tank was found

No References to Fleet Avenue parcels were found in the following Ohio EPA databases: DERR Database, Institutional Controls, Engineering Controls, Voluntary Action Program. No References to Fleet Avenue parcels were found in the USEPA Brownfields database. The

County no longer maintains GIS data on parcels with environmental flags. Any further investigation via Ohio EPA would need to be done by formal request for data for each specific parcel, from each of Ohio EPA’s divisions. All records are now maintained (aside from the databases listed above) by individual divisions. It is nevertheless highly recommended that any development plans for specific parcels be based on research conducted with appropriate Ohio EPA divisions to ensure full disclosure of environmental concerns on each property. (“Ohio EPA | About Us,” n.d.) (Meaney, 2017)

Figure 5 Fleet Avenue Zoning



Source: City of Cleveland Planning Commission

Zoning. Existing zoning shown on the map for the study area falls into three categories: LR_C1 (red) Local Retail Business; LLR-G1 (white) Limited Retail Business; 2F-B1 (mustard) 2-Family Residential. LR-C1 and LLR-G1 allow a wide range of businesses. All uses in Multi-Family Districts are also permitted in Local Retail and Limited Retail districts. Of note, Limited Retail incorporates a wider range of uses that are permitted in General Retail districts, but exclude auto service garages, poultry processing, and telephone facilities, among a few others.

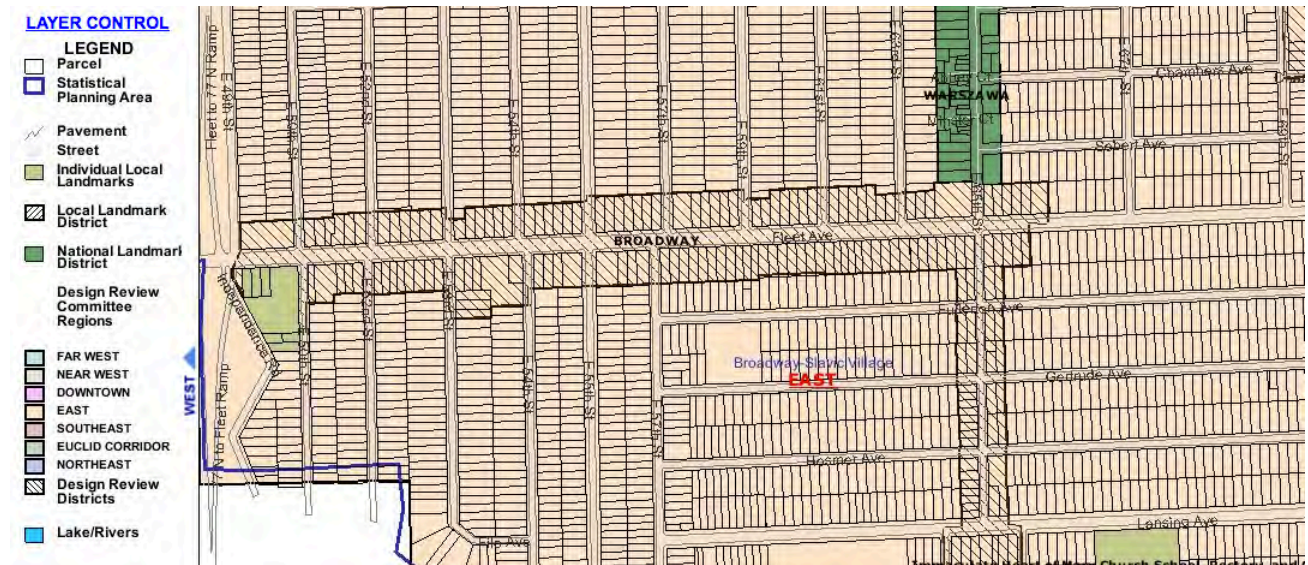
The alpha-numeric code after the dash in each of these districts’ labels indicate maximum Floor Area Ratio for total building square footage (C=maximum half lot area, G=maximum 3 times lot area) and maximum building height (1=35 feet).

See the City of Cleveland codified ordinances online, Part III, Land Use Code, Title VII, Zoning Code, for details. (“Cleveland Zoning Code,” n.d.)

City of Cleveland Zoning also has requirements for parking standards. Parking standards apply when there is a new use or expansion/increase in capacity. For this project, this would imply that renovation of existing storefronts for retail use would not require parking increases, but any expansion or addition, or change in use from retail to residential or other, would be associated with a need to incorporate parking. Since parking is a critical component of a successful main street, it is recommended that development proposals provide parking to meet City standards. The City’s requirements range from one space per 100 square feet (gas stations, assembly halls, dining/bars) plus employee spaces, to 1 space per 500-1000 square feet (large retail such as furniture, grocery, banks, offices). Parking may be provided onsite or in an adjacent property that is under the property owner’s control. See the City Codified Ordinances,

No zoning adjustments would be required for most retail uses on Fleet as proposed in this strategy. Uses proposed for the Limited Retail area shown in white on the map may have some limitations. It is recommended that any specific development proposals be done in communication with the City Planning Commission and staff.

Figure 6 Fleet Design Review and Landmarks



Source: City of Cleveland

Design Review and Landmarks. The study area falls in the “East” design review district for the City of Cleveland. This means that all new construction and renovation must go through design review prior to City Planning Commission review. There is one local landmark at 4900 Fleet Avenue (St. John Nepumocene Church). Of note, East 65th street north of Fleet is a National Landmark “Warszawa” district. Landmarks are subject to separate review by the City’s

Landmarks Commission which “takes precedence over” Planning Commission review. Properties that are landmarks or within landmark districts must receive a “certificate of appropriateness” from the Landmarks Commission for any “environmental changes” prior to planning commission review. See the City’s Planning Commission, Design Review Committee, and Landmarks Commission web sites for more information.

Land Uses. Land uses of each parcel in the study area are shown on the Existing Conditions Map (Appendix 8.1). Most land uses along Fleet are either mixed-use commercial buildings, private residential homes, parking lots or vacant lots. There are a few one-story commercial-only buildings. Commercial and mixed use buildings are vacant or occupied as noted, with storefront spaces on the first floor, and office or residential space on the upper floors in multi-story buildings. Some storefront spaces have been renovated for other uses such as contractors, residential use, offices, daycare, or churches.

Property Condition. Property condition is also noted for each parcel in the study area, on the Existing Conditions Map. Property condition shown is as noted on the County Auditor’s web site, dated 2015, to be updated in 2018. The majority of commercial properties fall in the “fair” or “average” condition. As noted, a number are rated “poor” or “unsound”. Several properties noted in 2015 as “unsound” have since been demolished. It is assumed that all others noted as “unsound” are slated for demolition in the near future.



3. SPECIALTY FOOD PRODUCTION

3.1 Introduction

Food, dining and specialty foods comprise a growing market across the US, sometimes cited as the “new retail”. Dining is often seen as the “new anchor” for main streets, as the expanding millennial generation prefers experiences, travel, dining and events to consumer goods (citations). In Cuyahoga County, there is an ongoing expansion of local grocery (including Heinen’s and Constantino’s) focused on specialty foods. There are many expanding local venues such as the proposed new food court at Van Aken District in Shaker Heights, and food-focused businesses such as breweries, bakeries and restaurants in revitalizing neighborhoods in the downtown, Ohio City, Tremont and University Circle.

For the purposes of this section of our study, “Food production” refers to a wide range of businesses involved in food manufacturing, preparation, and service. “Food production” industries of interest include:

- Food preparation, frozen foods, canning, ice cream, confections, preserves, milk/cheese/dairy products
- Meat slaughtering, processing and production from carcasses
- Retail and wholesale bakeries
- Beverage manufacturing including coffee, tea, soft drinks, wineries and distilleries
- Specialty food stores (meat, produce, candy/ice cream/yogurt, deli, ethnic foods)
- Special food services including catering, contract services, and mobile food services (food trucks)

In general, these industries of interest fall into NAICS Codes 311, 445, and 722 on US Department of Commerce and US Census databases. These include 311 Food Manufacturing; 445 Food and Beverage Stores; and 722 Food Services and Drinking Places. Within these broad categories, subcategories are of interest include 3121 Beverage Manufacturing; 4452 Specialty Food Stores; 4453 Beer, Wine and Liquor Stores; 7223 Special Food Services; 72233 Mobile Food Services; 7224 Drinking Places; and 7225 Restaurants and other Eating Places. For this study, we have included restaurants, groceries and markets on some tables as of interest, but our focus is on specialty and manufacturing industries as listed above.

3.2 Demand Analysis

Overview. Demand generators in Cuyahoga County for food production related businesses include restaurants, specialty grocery, food trucks, festivals and farmers markets, as well as specialty venues including West Side Market, Asiatown Night Markets, the Cleveland Flea, and others.

Table 1 Growth in Restaurants, Cuyahoga County, 2012-2015

Year	2012	2015	% increase
Number of establishments	2,293	2,385	4.0%
Paid employees for pay period including March 12 (number)	41,681	45,342	8.8%
First-quarter payroll (\$1,000)	140,320	161,205	14.9%
Annual payroll (\$1,000)	587,512	700,068	19.2%

Source: County Business Patterns US Census

Restaurants have shown a substantial growth just in the last 3 years, in particular when number of employees and overall annual payroll are assessed, as shown in Table 1.

Table 2 Change in Special Food Services (Catering, Contract Services, Mobile Food Services), Cuyahoga County

Year	2009	2012	2015	Overall percent increase
Number of establishments	216	245	215	-0.5%
Paid employees for pay period including March 12 (number)	4,428	4,726	3,733	-15.7%
Annual payroll (\$1,000)	66,034	65,170	87,223	32.1%

Source: US Census County Business Patterns

As shown in Table 2, while the number of establishments and total number of paid employees in special food services has decreased, total annual payroll has shown a substantial 32% increase from 2009 to 2015.

Table 3 Household Spending on Food

Item	2008-2009		2011-2012		2014-2015
	Midwest Average	Cleveland	Midwest Average	Cleveland	Midwest Average
All household food expenditures	9.9%	9.3%	10.0%	8.9%	10.5%
Food Away From Home - Percent of HH Income	4.0%	3.4%	3.9%	3.8%	4.3%

Source: US Bureau of Labor Statistics

The US Bureau of Labor Statistics and the US Department of Agriculture data show that household spending on “food away from home” vs “food at home” has increased steadily over time. From 2008 to 2015, household spending on food away from home increased from 4% of household income (for Midwest region of the US) to 4.3% of household income. See Table 3 and Figure 7. For the first time in 2015, US households spent more on “food away from home” than they did on “food at home”, and this trend is expected to continue. (White, n.d.)

Figure 7 Household Food Expenditures, Home and Away, 1955 to 2010



Table 4 Growth in Food Trucks and Farmers’ Markets in NE Ohio, 2012-2017

	2012	2014	2015	2016	2017	% increase
Food Trucks	25		57		84	236%
Farmers Markets	60	77		98		63%

Source: Cleveland.com

Finally, food trucks and farmers markets have shown steady growth from 2012-2017. While a recent Cleveland Plain Dealer analysis discusses a possible slowing down of profitability in this market, close to 100 farmers markets and 80 food trucks will likely continue to generate demand for local food into the foreseeable future. See Table 4. (Snook, 2017a) (Snook, 2017b)

Location Quotient analysis. Location quotient analysis is an evaluative tool comparing the size of business and industry in a local area (county) in relation to its size in a larger reference area (state or country). The resulting evaluation quotient tells us if the industry locally is undersized compare to the reference area (LQ under 1.0) or oversized (LQ over 1.0), and to what extent. Location Quotient can be calculated for industry size based on the number of employees, total

payroll, or number of firms in each industry. It can be calculated for industry subcategories based on NAICS codes available from the US Census' County Business Patterns.

For our project, a location quotient evaluation was performed to understand the status of the specialty food industry in Cuyahoga County as it relates to the industry in Ohio and overall in the United States. The results are shown in Table 7. Location quotients were calculated based on number of employees working in each industry category, overall payroll for that category, and number of firms. LQs lower than 0.9 are highlighted. Location quotient for two other regions of interest, Franklin County (Columbus area) and Hamilton County (Cincinnati area) are also shown.

Table 5 Location Quotient for Industries of Interest, Cuyahoga County

2015 LQ DATA		CUYAHOGA COUNTY			
		Employee Based		Payroll Based	
		County Vs State	County vs US	County vs State	County vs US
000	All Industries	1.00	1.00	1.00	1.00
311	Food manufacturing	0.46	0.49	0.41	0.48
3121	Beverage manufacturing	0.72	0.55	0.49	0.41
445	Food and beverage stores	0.82	0.68	0.76	0.66
4452	Specialty food stores	1.04	0.87	0.99	0.78
4453	Beer, wine, and liquor stores	0.93	0.58	1.32	0.70
722	Food services and drinking places	0.85	0.85	0.83	0.80
7223	Special food services	1.37	0.97	1.46	1.06
72233	Mobile food services	0.56	0.35	0.68	0.51
7224	Drinking places (alcoholic beverages)	1.04	0.94	1.07	0.89
7225	Restaurants and other eating places	0.81	0.84	0.78	0.78

Source: US County Business Patterns, 2015

NOTE: shaded cells indicate values less than .9

Table 6 Location Quotient for Industries of Interest, Franklin and Hamilton Counties, Ohio

2015 LQ DATA		FRANKLIN COUNTY				HAMILTON COUNTY			
		Employee Based		Payroll Based		Employee Based		Payroll Based	
		County Vs State	County vs US	County vs State	County vs US	County Vs State	County vs US	County vs State	County vs US
000	All Industries	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
311	Food manufacturing	0.53	0.57	0.52	0.62	0.81	0.86	0.85	1.02
3121	Beverage manufacturing	2.11	1.59	2.09	1.77	1.44	1.08	1.38	1.17
445	Food and beverage stores	0.89	0.73	0.87	0.76	0.87	0.72	0.74	0.65
4452	Specialty food stores	0.76	0.63	0.57	0.45	1.45	1.20	1.13	0.90
4453	Beer, wine, and liquor stores	0.64	0.40	0.53	0.28	0.72	0.45	0.55	0.29
722	Food services and drinking places	1.01	1.01	1.02	0.99	0.99	1.00	0.85	0.82
7223	Special food services	1.31	0.93	1.21	0.88	1.81	1.28	1.26	0.91
72233	Mobile food services	2.61	1.61	1.53	1.15	0.19	0.12	---	---
7224	Drinking places (alcoholic beverages)	1.49	1.34	1.60	1.33	1.01	0.91	0.91	0.76
7225	Restaurants and other eating places	0.98	1.01	0.99	0.98	0.95	0.98	0.82	0.82

Source: US County Business Patterns, 2015

NOTE: shaded cells indicate values less than .9

-- indicates suppressed data.

As shown in Table 5, there is likely capacity in Cuyahoga County for industry category expansion in food manufacturing, beverage manufacturing, food and beverage stores, food services and

drinking places, mobile food services, and restaurants and other drinking places. When compared against the US, Cuyahoga County “Specialty food stores” and “Beer, wine and liquor stores” demonstrate strength. “Special food services” do not demonstrate strength. Overall, Cuyahoga County compares favorably to the Columbus and Cincinnati counties. As noted recently in Crain’s Cleveland Business this week, food manufacturing has increased 22% across northeast Ohio in the last decade. (Miller, 2017)

3.3 Food Production Supply

Reference USA has the most easily available inventory of business entities at the local level. The database’s inventory for food-related businesses in Cuyahoga County lists 537 businesses. Areas with higher numbers of businesses include specialty food stores, caterers, confectionary and nut stores, food service contractors, fruit and vegetable markets, meat markets, retail bakeries, and merchant grocery wholesalers. See Tables 7 and 8 for a summary of the inventory. A full version is included in the Appendix.

Table 7 Food Production Related Businesses in Cuyahoga County

Food Industry Category	Number of Establishments	Percent of total
Food Manufacturing	56	10.4%
Beverage Manufacturing	34	6.3%
Merchant Wholesalers	64	11.9%
Food Markets	267	49.7%
Food Service Contractors and Caterers	116	21.6%
All Food Related Establishments	537	100.0%

Source: US Census, County Business Patterns, 2015

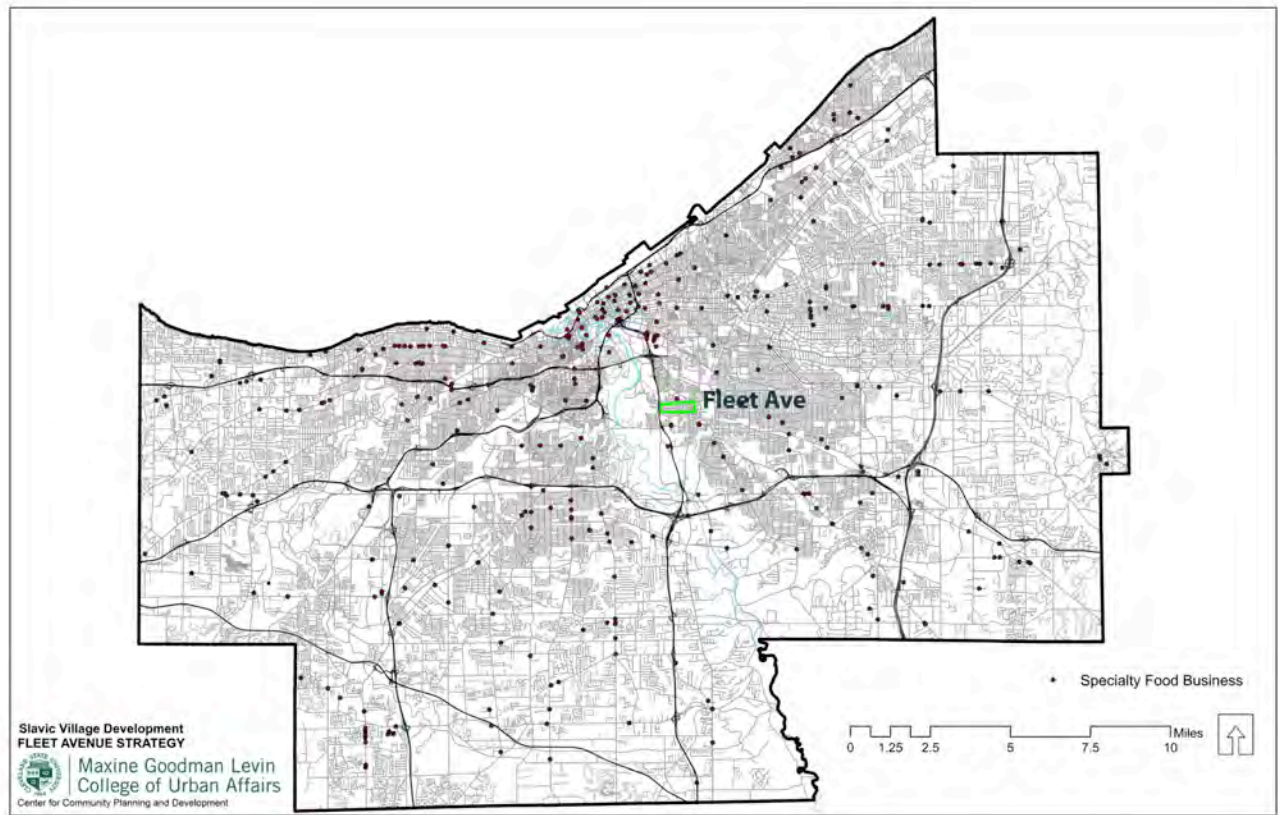
Table 8 Food Production-Related Businesses in Cuyahoga County

Business Category	Total
All Other Misc Store Retailers (Exc Tobacco Strs)	1
All Other Miscellaneous Food Manufacturing	3
All Other Miscellaneous Manufacturing	1
All Other Specialty Food Stores	70
Animal (Except Poultry) Slaughtering	6
Beer & Ale Merchant Wholesalers	3
Breweries	17
Caterers	80
Coffee & Tea Manufacturing	3
Commercial Bakeries	1
Confectionery & Nut Stores	59
Confectionery Merchant Wholesalers	1
Confectionery Mfg From Purchased Chocolate	3
Dairy Cattle & Milk Production	1
Dairy Product (Exc Dried Or Canned) Mrchnt Whlsrs	2
Distilleries	3
Fish & Seafood Markets	8
Fish & Seafood Merchant Wholesalers	1
Food (Health) Supplement Stores	3
Food Service Contractors	36
Fruit & Vegetable Canning	2
Fruit & Vegetable Markets	42
General Line Grocery Merchant Wholesalers	1
Ice Cream & Frozen Dessert Manufacturing	2
Ice Manufacturing	1
Meat Markets	64
Meat Processed From Carcasses	5
Other Grocery & Related Products Merchant Whlsrs	54
Packaged Frozen Food Merchant Wholesalers	2
Retail Bakeries	30
Soft Drink Manufacturing	6
Supermarkets/Other Grocery (Exc Convenience) Strs	12
Tobacco Stores	1
Wineries	7
Grand Total	531

Source: Reference USA 2016

A map of business locations shows that there is no pattern of business clustering across Cuyahoga County; businesses tend to follow commercial corridors. See Figure 7.

Figure 7 Food Production Related Business Locations, Cuyahoga County (excludes markets)



Source: Reference USA 2016, and CCPD

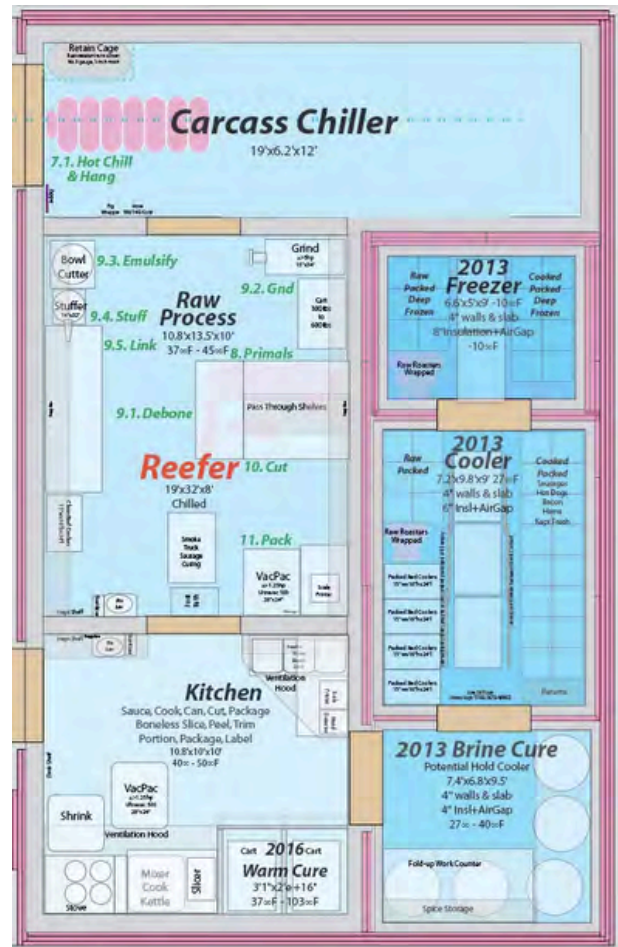
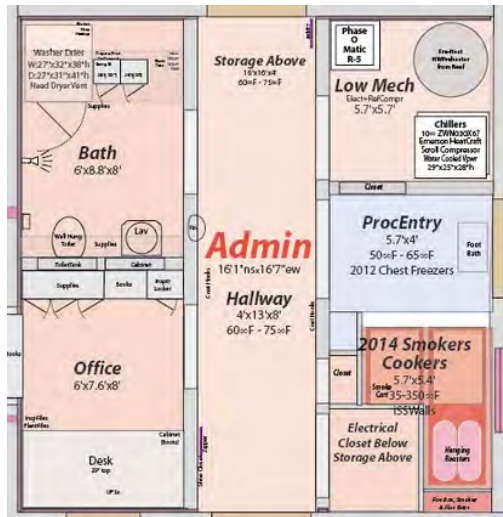
3.4 Model food production businesses

Models for small scale food production were explored via the web. Examples were found across the country and across a wide range of products, including meat processing, bakeries, dairy and ice cream production, candy production, beverages, canned goods and preserves, and others. The study showed that production spaces ranged from 500 to 10,000 square feet, with a range of locations, parking, equipment, and other amenities, depending on the individual business model. There were no general conclusions that could be drawn about space needs by type of product. Two models shown here were chosen as illustrations of very small space sizes, which can be interpreted as the minimum needed for small scale food production. Our conclusion is that these small scale food production enterprises could find spaces on Fleet sized for their needs, depending on their individual business pro formas.

Sugar Mountain Farm in Vermont is a small scale meat processor. Three main functions include animal slaughtering, meat processing, and administration. The meat processing and administration functions are shown in the illustrations, assuming that animals would be

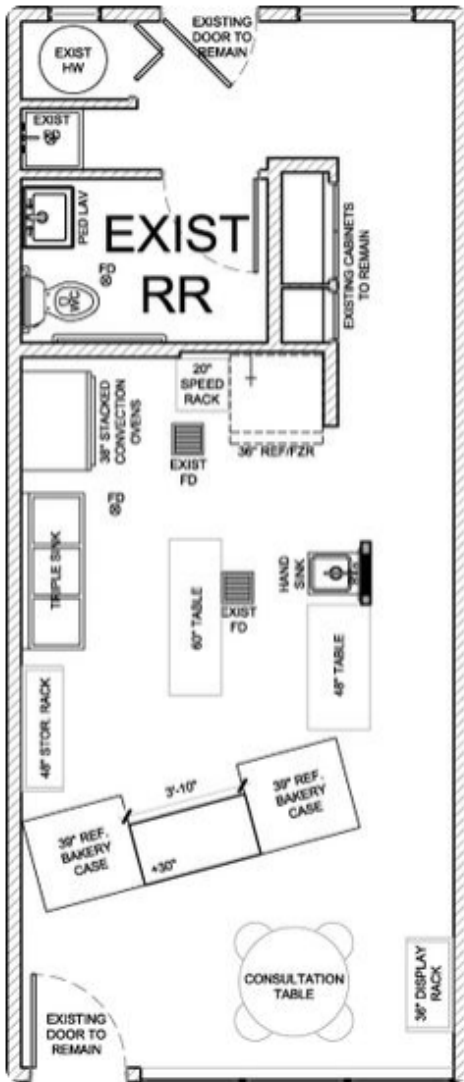
slaughtered elsewhere and carcasses delivered to Fleet Avenue production shops. At this farm, the administration and meat processing functions both fit into 1,000 square feet in a small one-story building on the farm property. Retail sales are handled in the office onsite. A separate 700 square foot facility is used for the abattoir (slaughtering area). A very important point is the requirement, based on health department regulations, for extensive areas of refrigeration where meat is processed (noted as “reefer” area on the diagram.)

Figures 8 and 9. Sugar Mountain Farm Meat Processing Layout



Source: Sugar Mountain Farm, <http://sugarmtnfarm.com/>

Figure 10 Mermaids Bakery, Denver, floor plan



Source: Mermaids Bakery, <http://mermaidsbakery.com/>, <http://evstudio.com/new-layout-for-small-denver-bakery/>

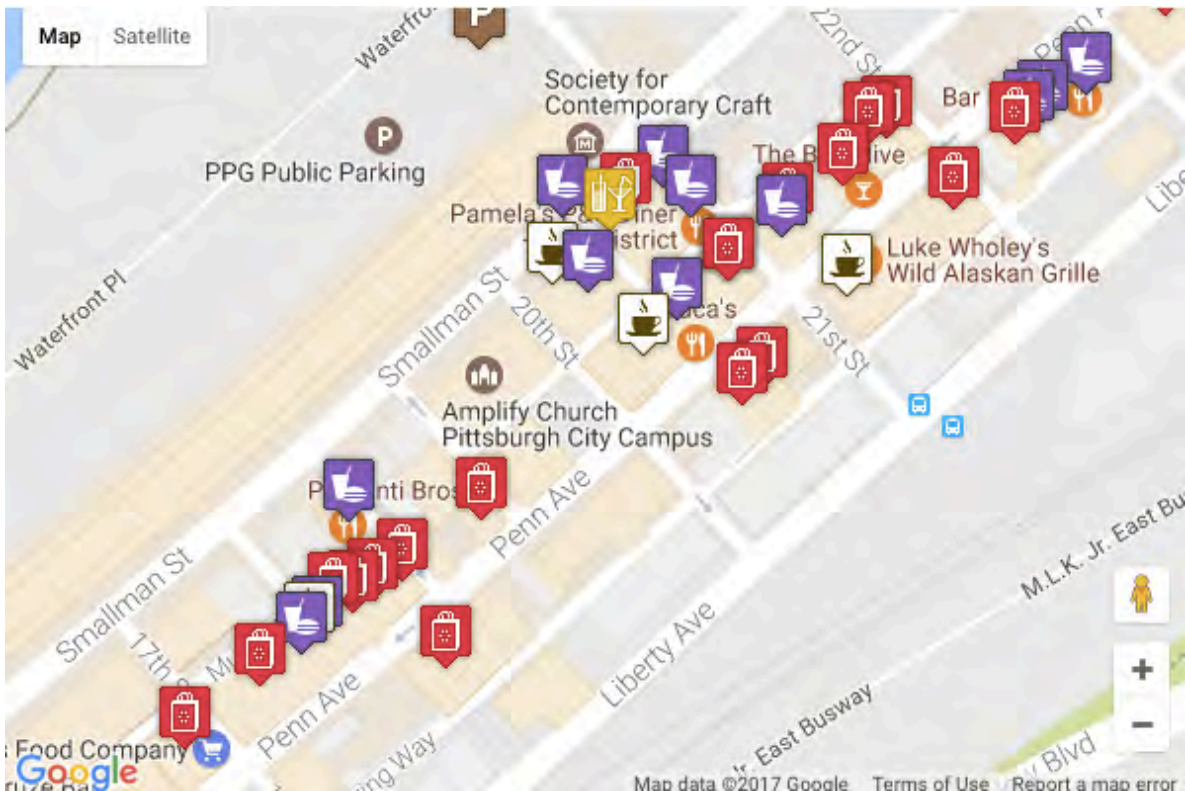
Mermaids Bakery in Denver uses just 500+ square feet to prepare custom cakes and baked goods. Equipment includes a fridge/freezer, two stacked ovens, two 6-foot tables, storage, and cooling rack. A table and chairs for client consultations are the only seating. A display case provides for walk-in retail sales.

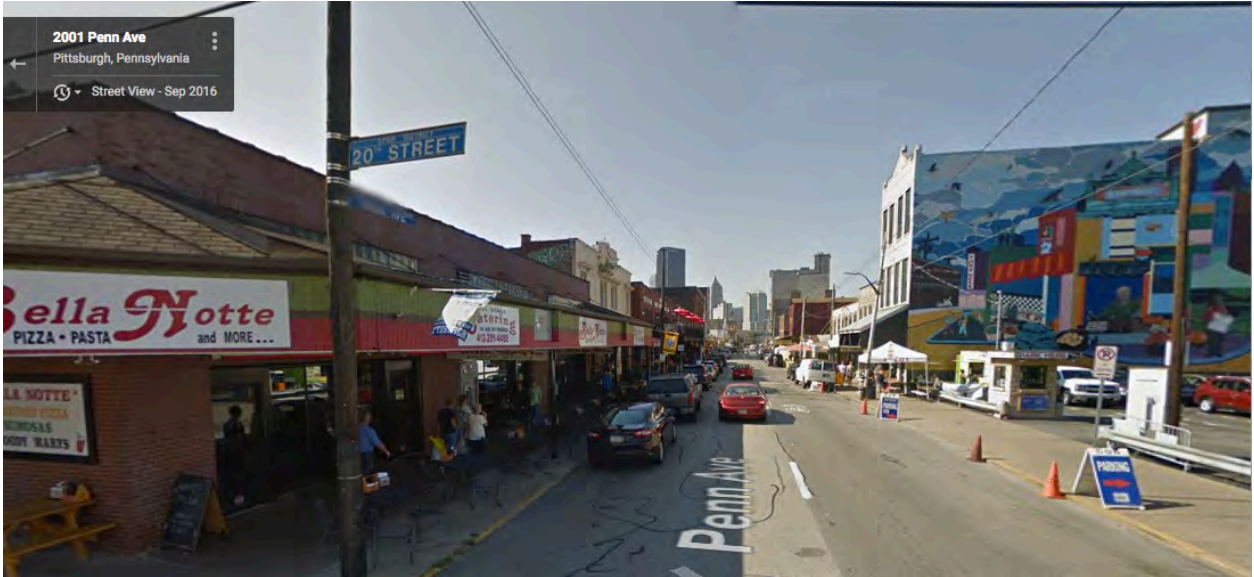
The Strip District, Pittsburgh

The Strip District consists of a 1-½-square-mile area between 13th and 33rd Streets along Liberty Avenue and environs east of downtown Pittsburgh. The area was once a produce/food import district along the Allegheny River and railroad, about a mile from downtown. Of interest, the business mix combines food production, markets and restaurants in proximity to each other. Freeway access is available on the west end. In addition to food-related businesses, the area contains attractions including art studios, antique stores and boutiques, specialty shops, bars and nightclubs. IN the summer there are open air farmers market and street vendors. Many old factory warehouses in the district have been converted into apartments and lofts. The area also is home to the Heinz History Center. Many businesses provide classes and events.

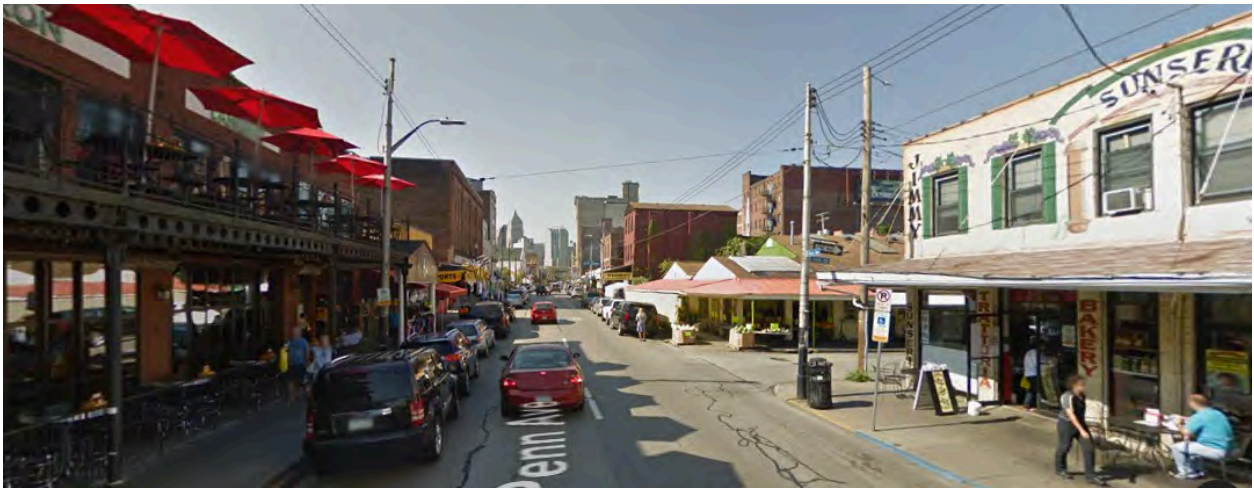
The business mix includes 14+ specialty food producers/markets, the Pittsburgh Public Market, 24+ restaurants, 4 coffee vendors, and 3 distillery/wineries.

Figure 11 The Strip District, Pittsburgh





The Strip District, Pittsburgh



The Strip District, Pittsburgh

3.5 Prototype Case Studies

Prototype 1 Food Production, Renovation

Several buildings on Fleet provide first floor space that could be renovated for food production. A typical arrangement would involve about 2400-3200 square feet, including up to 2400 square feet of existing space plus 800 feet added on for a new kitchen that met current code, energy, and ventilation requirements. This could be used as a single business space, or two spaces at 1600 square feet. A small area is included at the front for walk-in retail sales. For this prototype, the property at 5425 Fleet was used for the analysis, but it is recognized that several buildings on Fleet could be similarly adapted. The ideal site would provide easy access for truck deliveries and loading, as well as space for a dumpster and/or outside storage, and parking for employees and customers – up to four cars onsite and/or on adjacent lots.

The pro forma for this prototype is shown in Tables 9 and 10. Total cost could be around \$268,000, up to \$303,000 with kitchen. Return on investment is low at 8%.

Figure 12 Prototype 1 – Food Production Layout, Renovation

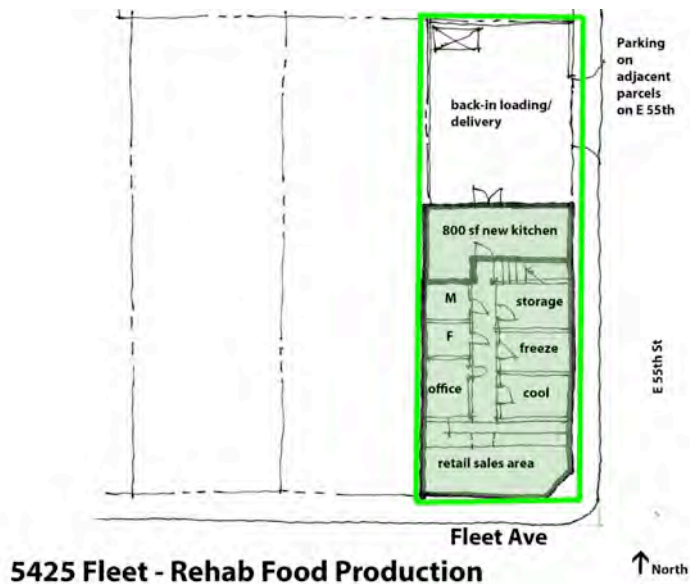


Table 9 and 10. Prototype 1, Financial Analysis

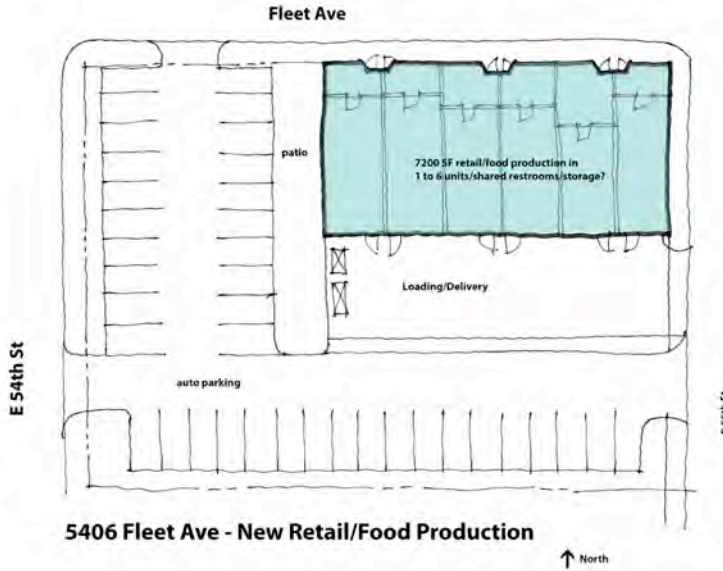
Site aquisition	1		\$20,000		
Rehab SF	1	2400	\$ 60	\$ 144,000	
New SF	1	800	\$ 130	\$ 104,000	
TOTAL DEVELOPMENT COST				\$ 248,000	
Kitchen	1		\$35,000	\$ 303,000	TOTAL with kitchen
				\$ 268,000	TOTAL building only

Assuming 2 users paying 1K a Month Triple Net		
NOI		\$24,000
DEBT SERVICE	Annual Debt Service	
First mortgage (at 0.5)	\$151,500	\$13,024
Second mortgage (at 0.1)	\$30,300	\$1,533
Owner Equity	\$121,200	
TOTAL DEBT SERVICE		\$14,557
BEFORE TAX CASH FLOW		\$9,443
RETURN ON EQUITY		8%
Unleveraged return		8%

Prototype 2: Food production, New Construction

The prototype for food production, new construction, was based on the site available at 5406 Fleet Avenue. The overall strategy at the end of this report shows that there are some alternative site possibilities for such a use. The prototype involves a 7,200 square foot new one-story building which could accommodate from one to six new businesses in 1,200 square foot increments. There is a possibility of shared kitchen, storage, and/or administrative space. In this example, loading and delivery are provided at the back, and there is parking for approximately 38 cars. Cost of construction would be 1.1 to 1.2 million, depending on whether kitchens are outfitted; return on investment is very low at 2 to 6%, requiring subsidy in order to be feasible.

Figure 13 Prototype 2 – Food Production, New Construction



Tables 11 and 12 Food Production , New Construction, Financial Analysis

Food Production - New Construction 5406 Fleet Prototype

Site acquisition			\$44,900		
Delinquent Taxes			\$3,900		
Demolition	1	1600		\$ 10,000	
Environmental remediation				\$ 150,000	
New Construction	1	7200	\$ 130	\$ 936,000	
TOTAL DEVELOPMENT COST				\$1,096,000	
Kitchen	1		\$100,000	\$1,244,800	TOTAL with kitchens
				\$1,144,800	TOTAL building only

Assuming 6 users paying 1K a Month Triple Net		
NOI		\$72,000
DEBT SERVICE		Annual Debt Service
First mortgage (at 0.5)	\$622,400	\$53,508
Second mortgage (at 0.1)	\$124,480	\$6,297
Owner Equity	\$497,920	
TOTAL DEBT SERVICE		\$59,805
BEFORE TAX CASH FLOW		\$12,195
RETURN ON EQUITY		2%
Unleveraged return		6%

3.6 Food Production Conclusions

There appears to be capacity in Cuyahoga County for special food services and food manufacturing, restaurants and other food sales. “Specialty food stores” have capacity, and may especially be supported for stores associated with dining, restaurant and special food-related clusters. Food-related industry demand is growing across the country and it is likely that capacity will increase over time in our region and elsewhere.

Models generate ideas for how food production businesses on Fleet Avenue could be created within existing buildings or as new construction, within small spaces, to meet the needs of the individual business plan.

The prototypes indicate that food production renovation or new construction could be viable under existing rent and construction cost conditions. However, subsidy is likely to be required, especially for new construction options. Our analysis was based on exterior assumptions about building condition – the next step would be to drill down on specific building options to better understand true costs and requirements.



4.0 Food Hub Opportunities

4.1 Introduction

Our research on food-related specialty businesses discovered a wide range of food-related business clusters collectively called “Food Hubs”. They are increasingly popular, and can be found in almost any major city in the US, and many others abroad. Food hubs can be defined as buildings or clusters that contain multiple spaces in support of food-related industries. They may be intended as a launch/incubator of startup businesses, or they may be designed as permanent support. There are no two food hubs alike; they may contain one or more of the following:

- Hourly commercial kitchens with a variety of equipment
- Shared packaging facilities
- Canning/freezing/processing on a contract basis
- Food truck service, commissary and support
- Business support such as mentoring/counseling, shared administrative space and services, shared purchasing, shared storage, shared marketing, health department and permit assistance
- Shared garden space onsite
- Micro-restaurants “food court” with shared indoor and/or outdoor seating, sometimes shared liquor sales, sometimes a central performance space

Fleet Avenue has the potential to support a food hub, with several specific characteristics that are unique to its location: easy access to I-77, and land available for new construction and/or garden production. In particular, there is an opportunity to provide food truck support and commissary, in an existing building such as the vacant school property south of Fleet, or as new construction on an assembled site. Available land provides ample parking and turning radii for food truck vans.

4.2 Food Truck Service Hub

In particular, this study examined the idea of a food truck service hub facility. Metro Cleveland is similar to many other urban centers in that over the past ten years mobile food trucks selling specialty food at convenient downtown office lunch locations, special festival events (also largely downtown), and remote-location catering have become common. Some of these food trucks are based at affiliated restaurants, but most are independent operators. The concept here is to create a real estate project of about 7,700 SF provide services to 15-25 trucks that operate independently from restaurants. The food truck services include access to kitchens, cold and general storage, administrative office space, shared marketing, and year-round secure vehicle storage. It would also allow for small retail food-sale outlets along Fleet Avenue.

The Fleet corridor is centrally located just 7 minutes from Public Square in downtown Cleveland, and has excellent interstate highway access to I-77 just west of the study area. The idea would be to capture a reasonable market share of food trucks (for example 1/3 of the total). Then, provide new or rehabbed space for the food trucks to store and prepare their food in shared state-of-the-art kitchens prior to leaving for sale locations, while also allowing for secure year-round vehicle storage. The food truck service hub would provide turn-key services for all their needs.

4.3 Food Hub Supply in Ohio and Cleveland

Table 13 lists food hubs found in Ohio. Each major city supports multiple hubs, as noted. Detailed information on each hub is included in the Appendix. Items noted in red support food trucks specifically.

Table 13 Food Hubs in Ohio

Facility Name	Location
Cleveland Culinary Launch & Kitchen	Cleveland
The Hildebrandt Provisions Company Community Kitchen	Cleveland
Hub 55	Cleveland
Cornucopia Place/Bridgeport	Cleveland
Cleveland Crops Innovation Kitchen	Cleveland
Chagrin Valley Kitchen	Chagrin Falls
The Food Fort Columbus	Columbus
Columbus Food Hub	Columbus
The Commissary	Columbus
Food Industry Center (The Ohio State University)	Columbus
Sunapple Company	Columbus
Northern Kentucky Incubator Kitchen	Covington, KY (Cincinnati area)
The Hatchery	Newport, KY (Cincinnati Area)
The Coop	Newport, KY (Cincinnati Area)
Kitchen at Findlay Market	Cincinnati
Appalachian Center for Economic Networks (ACEnet), Community Kitchen Incubator	Athens
Northwest Ohio Cooperative Kitchen - NOCK	Bowling Green
Common Wealth Kitchen Incubator	Youngstown
Local Roots Community/ Commercial Processing Kitchen	Wooster
Muskingum County Business Incubator FoodWorks Alliance	Zanesville

Source: CSU CCPD; facility web sites

Competing supply for the project is the two existing start-up kitchens in Cleveland, including the Hildebrandt Building in the near west side, and the Cleveland Culinary Launch Kitchen incubator at E 28th and Euclid Avenue. Both facilities have been around for a few years, and are available to food trucks. However, they are more broadly targeted at restaurant start-ups rather than food trucks, and do not feature turn-key quick in-and-out fast-load up service at grade. They also have limited parking and maneuverability for food trucks. See further information below.

In addition, food hub-related activity occurs at Bridgeport/Cornucopia Place, which provides a kitchen and other support for local community gardeners. The Cleveland Crops Innovation Kitchen, located in the St Clair-Superior neighborhood in a former school, provided training for developmentally disabled kitchen workers until it closed in 2014. There is no indication of when it will reopen, or if the facility might be available for other users. Hub 55 at East 55th and St Clair, while originally intended to house a kitchen incubator, is currently home to two

businesses, a brewery and café. Finally, there is a single hourly commercial kitchen for rent, known as Chagrin Valley Kitchen, in Chagrin Falls.

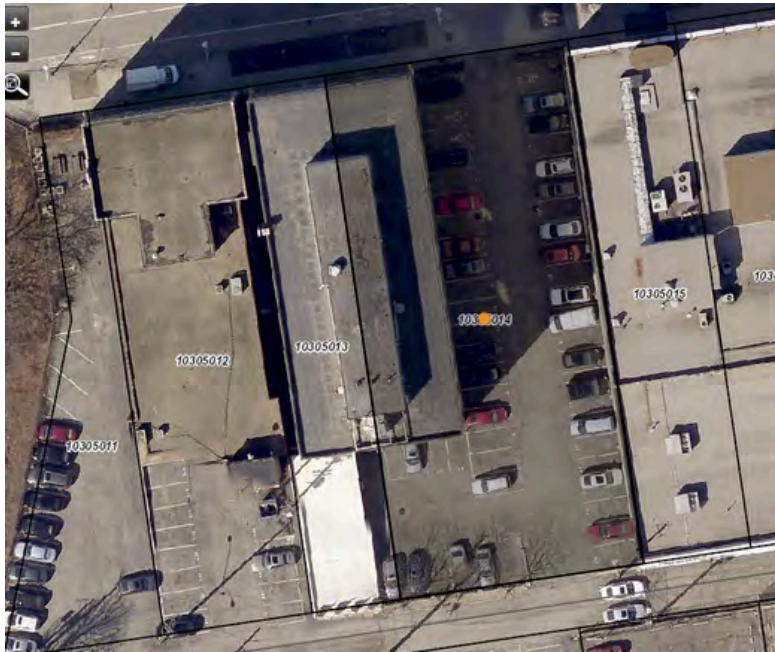
Cleveland Culinary Launch Kitchen

Cleveland Culinary Launch Kitchen, located at East 28th and Euclid, has about 7500 square feet on one floor, and good freeway access within ¼ mile. It contains six hourly kitchens with varying equipment, and shared storage, conference, and office space. Rental is by the hour for kitchens and offices, and by the shelf foot for storage. There is very limited parking on site.

Figure 14 Cleveland Culinary Launch Kitchen, Layout



Figure 15 Cleveland Culinary Launch Kitchen, aerial view

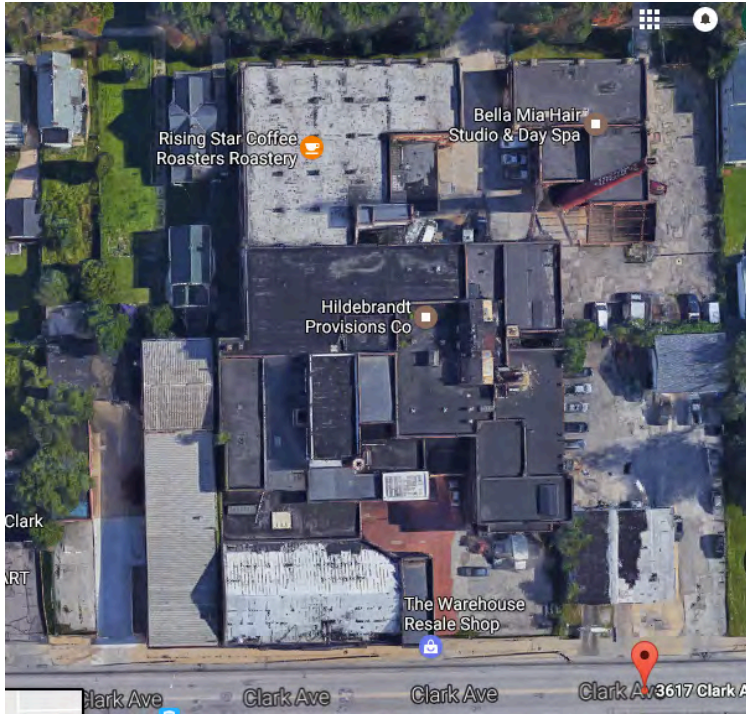


The Hildebrandt Building

The Hildebrandt Building is a multi-use former industrial building located in the Clark Fulton neighborhood, at 3619 Walton Avenue. At 115,000 square feet on two floors, it contains a mix of food and non-food-related businesses such as artists, office space, a hair salon and spa, and a resale shop. Food-related businesses include a single hourly kitchen, micro-restaurants, a coffee roaster, and the possibility of shared storage and office space. Parking onsite is very limited. There is a freeway on-ramp within a half mile.



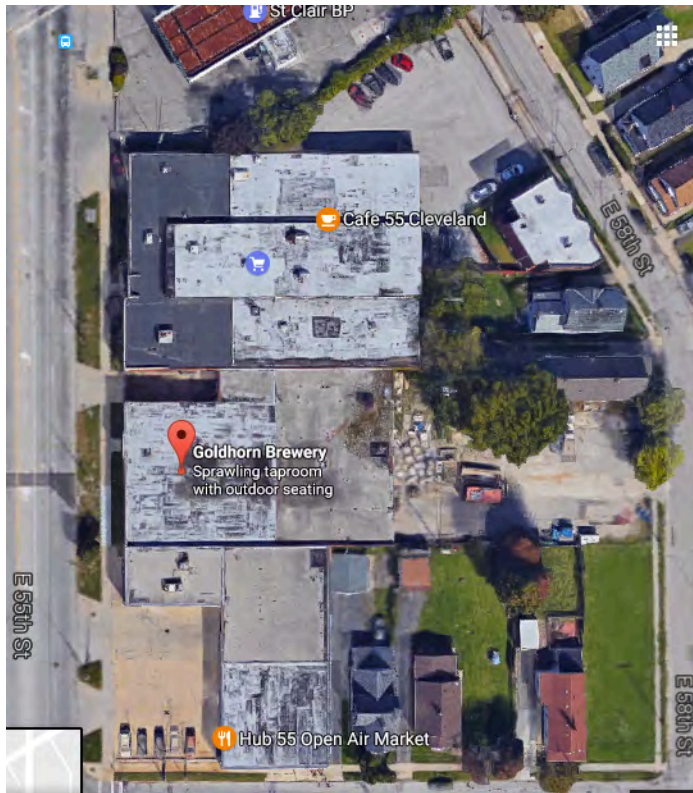
Figure 16 Aerial view, The Hildebrandt Building



Hub 55

Hub 55 is located at East 55th and St Clair, in the St Clair-Superior neighborhood of Cleveland. Originally intended as a future food hub, it houses a 2,000 square foot café and 10,000 square foot brewery in three buildings totaling about 43,000 square feet. Parking onsite is limited. Freeway access is within ½ mile.

Figure 17, Hub 55, Aerial View



In sum, the existing competition does not focus on food trucks, and does not provide turn-key services, and their location is inferior to the Fleet corridor properties.

4.4 Food Truck Hub Demand

Demand in this case is the 62-84 food trucks operating in Metro Cleveland. According to a recent CSU student report on food trucks, there were 60 food trucks in Cleveland in mid 2016¹. A more recent Plain Dealer article notes 84 registered food trucks (Snook, 2017a)). We believe that in a given year, 10-15 new food trucks are formed, and 5-10 close down. In our earlier analysis, the location quotient for mobile food services as very good, demonstrating unused demand in Cuyahoga County when compared both to the state and the nation. We further estimate that 15-20 of these trucks at any time are affiliated with existing restaurants. We also talked informally over the phone to four food truck operators, one of which ran his truck out of his existing restaurant. A caveat: the market penetration rate assumptions are not substantiated by systematic survey data. More analysis is needed to confirm concept viability. For illustrative purposes, we assume below a design size of 25 trucks served. This represents a market penetration rate of 30-40%.

¹ Tricia D'Avignon, MUPD, student report in UST 623 Real Estate Finance class, May 2016.

4.5 Models

Model food hubs abound throughout the United States, each with its own unique amenities. The Baltimore Food Hub was chosen for illustration because it will provide food truck services, and land for garden food production on site; the Zipper in Portland is a good example of a working micro-restaurant hub.

Baltimore Food Hub

Located on 3.5 acres at 1801 East Oliver Street in Baltimore, the Food Hub will occupy three 2-story, late 19th century buildings, to be renovated with Federal Historic Tax Credits. The plans provide for six spaces to be used for a launch kitchen, food production, storage, and offices/administration coworking space. A food truck hub will provide parking, storage and commissary for six mobile food businesses. Finally, there is room for three hoop houses (1100 square feet each) for onsite, year-round garden production. The project is as yet unbuilt; its status is not known. Total square footage of the buildings is about 50,000 square feet combined.

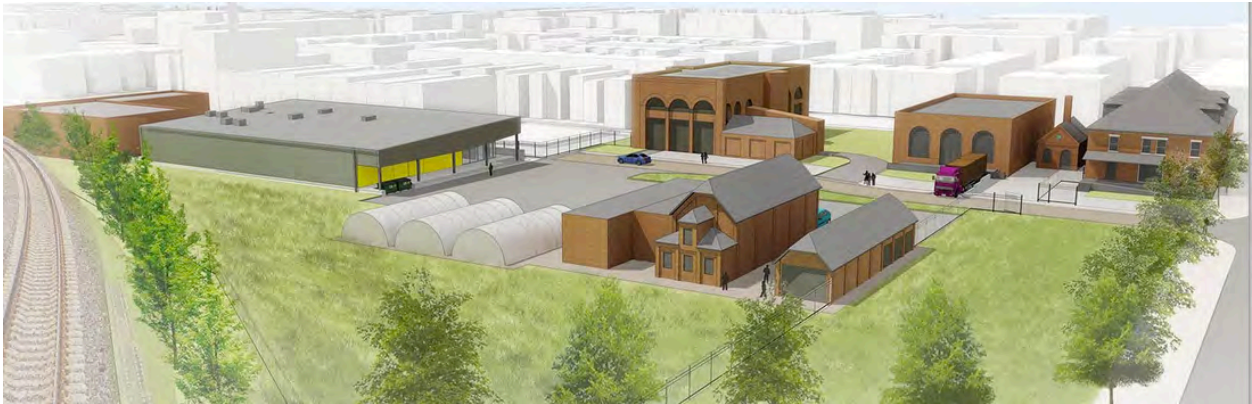


Figure 18 Baltimore Food Hub, Site Plan

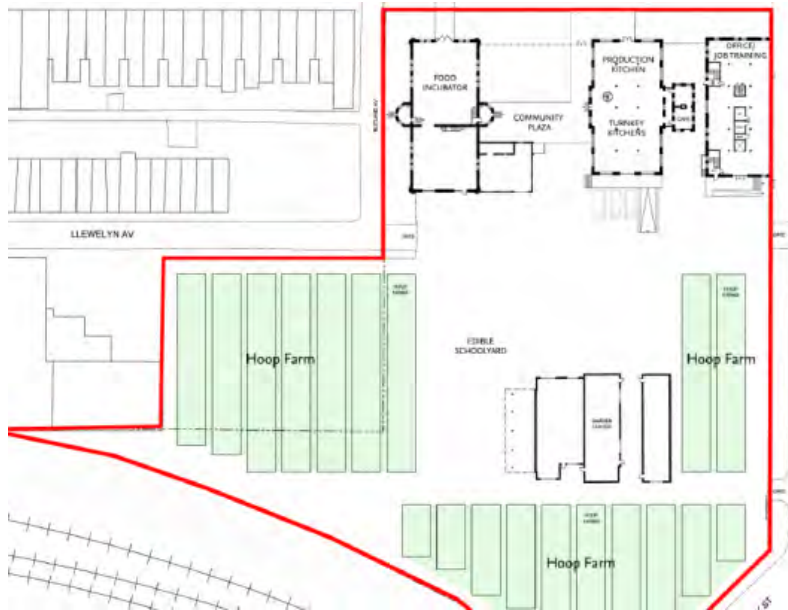
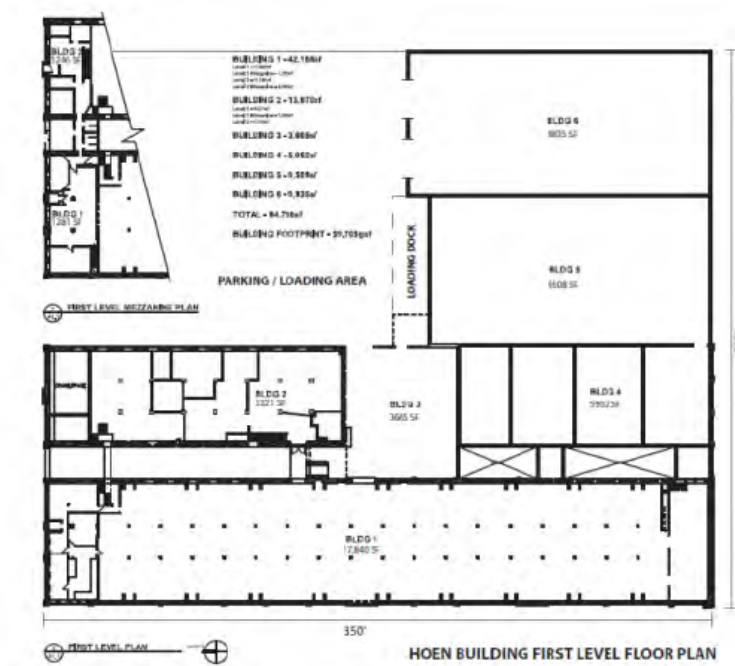


Figure 19 Baltimore Food Hub, Building Layout





Source: BaltimoreFoodHub.com

The Zipper, Portland

The Zipper in Portland, Oregon, is a micro-restaurant food court and incubator, located at 2705 NE Sandy Boulevard. It totals about 7800 square feet in a one-story building, with seven spaces ranging from 625 to 1068 square feet, and shared indoor and outdoor seating. The project represents a \$1.5 million investment. The idea originated to help food trucks make the jump to “brick and mortar” spaces, but the owner found that there were many restaurants wanting to step down to a small space in this popular neighborhood.

Figure 20 The Zipper, Site Plan

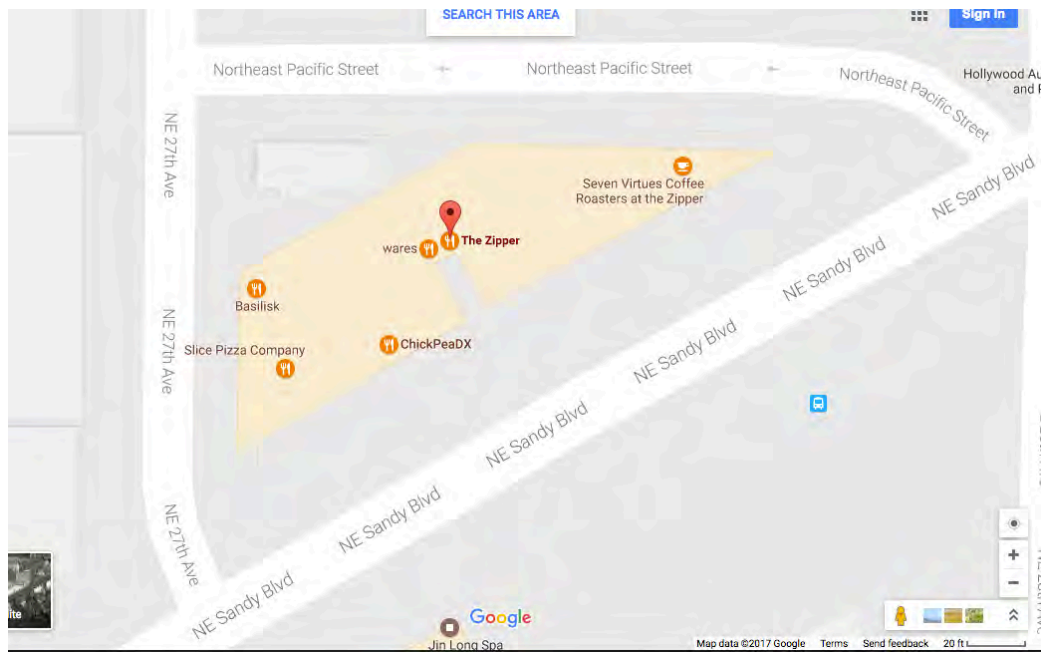
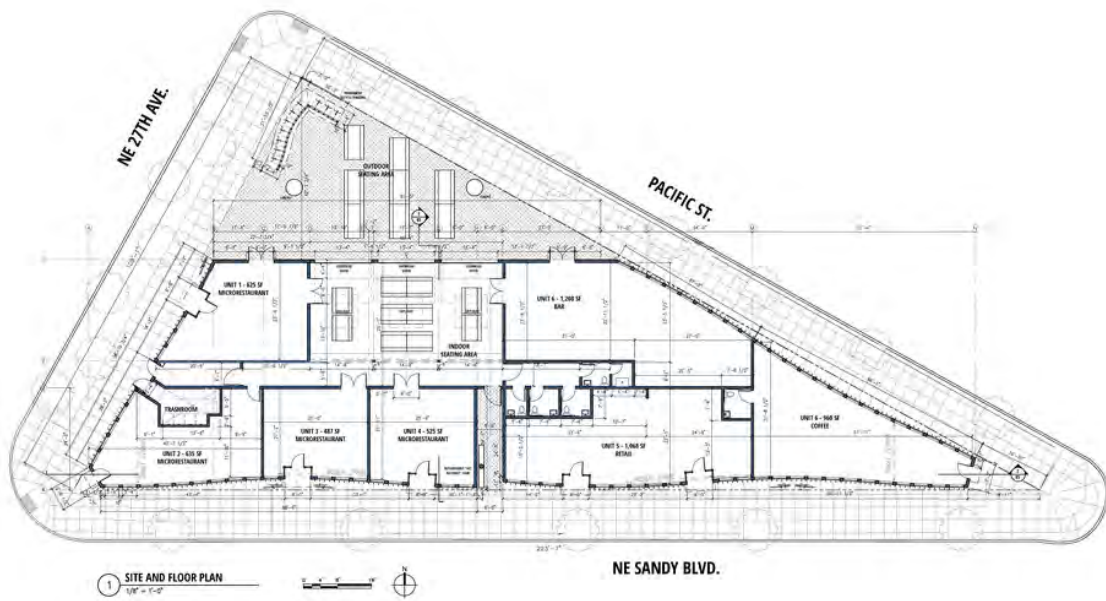




Figure 21 The Zipper, Layout



4.6 Prototype Case Studies

Assumptions of food truck operations

The first step after determining the food truck population (overall demand) in greater Cleveland is to estimate the average operating parameters for these stand-alone businesses. We assume that those trucks affiliated with existing restaurants are less likely to use the proposed facility, especially the kitchen and storage services. The following analysis looks at a typical food truck as a stand-alone business venture. This will allow us to understand affordable rents and costs for these businesses when patronizing a food truck hub.

Food trucks in Cleveland face two operating seasons: summer and winter. During the May-September summer season, they strive to undertake as many as 10 dates per week, including more than one per day during festival weekends. During winter, they settle for 2-3 dates per week, most of which are catering or shortened downtown lunchtime sales sessions. This generates 222 dates per year, and we assume they sell, on the average, 30 tickets per hour at \$6 per ticket, for a 4 hour event. We assume that it takes 3 hours of kitchen prep per visit, and that the trucks are worked by the owner-operator plus an hourly worker.

Using these assumptions, the average truck generates gross revenues of around \$144,000 per annum. Out-of-pocket expenses for labor help, costs of goods sold (mostly food), debt service and operating costs on the vehicle, and the kitchen rental, vehicle and product storage, plus miscellaneous other expenses total \$86,000 per year. This allows a profit of \$58,000 per year to compensate the owner for their time and return some additional profit on invested capital. These are average figures, so some operators likely do not attain this level, hence the turnover in trucks year to year.

Table 14 Operating Assumptions for Food Trucks in Cleveland

Truck revenues

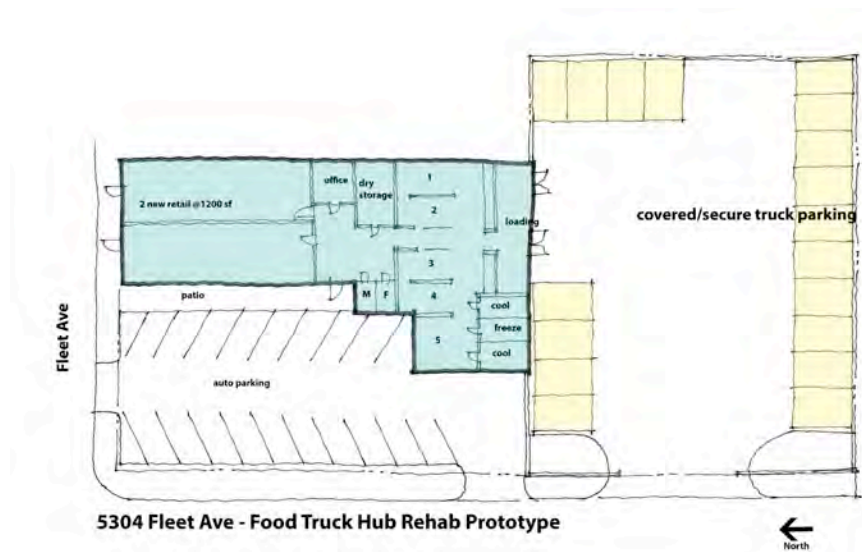
Estimated Profit per truck - Annual	Revenues	Expenses per truck	Annual	
Price per item sold	\$6	Kitchen use	\$75	\$15,000
Items sold/hour	30	Dry storage	\$45	\$540
Event length in hours	4	Cold storage	\$65	\$780
Estimated Gross revenue per trip	\$720	Freezer storage	\$65	\$780
Yearly Events	200	Vehicle storage	\$100	\$1,200
Gross annual revenue	\$144,000	Vehicle expenses (yr)	\$1,800	\$1,800
		Cost of goods (yr)	\$36,000	\$36,000
		Help (yr)	\$15,000	\$15,000
NET REVENUE	\$57,900	Miscellaneous (yr)	\$14,400	\$14,400
		Office space rent (month)	\$50	\$600
		TOTAL EXPENSES		\$86,100

They reflect likely expenditures to the average food truck that would be captured by the Food Truck Service Hub, outlined below.

Prototype Case Study 3 – Food Truck Hub, Renovation

Having set forth the assumptions for the clients for the Food Truck Service Hub (the food trucks) we now move to the Food Truck Hub facility itself. Note that the service hub is a real estate project, whereas the food trucks themselves are rolling stock. We provide a prototype layout and financial analysis for two sites on the Fleet corridor: a rehab project, and new construction.

Figure 21 Food Truck Hub, Rehab



Attributes of the site: a typical structure would need to contain about 7,700 SF of building on about ¼ acre. Ample parking would be needed for both visitors along Fleet Avenue and covered food truck storage in back.

Key assumptions, including Market penetration rate: We assume 25 food trucks use the facility at a stabilized level, and that 18 use the covered secure parking. The revenue assumptions are dominated by hourly kitchen rentals of the 5 new, kitchen units (\$30/hour, with 3 hours assumed prior to each event, about 70% of all revenues), with lesser amounts for secure vehicle parking, storage, admin, membership fee, etc. Total revenues for the FTSH are projected to

total \$476,000 per year, enough to support operations of 25 food trucks. Expenses include personnel, utilities, property taxes, maintenance, etc. totaling \$349,000, so net operating income prior to debt service is \$127,000 per year. Auto parking is provided for 18 cars. There is an additional 2400 square feet indoors, and a patio area, which could be used for separate or related retail spaces or restaurants.

Financial analysis and conclusions: The total project cost, including site acquisition, improvements, and installing the modern equipment, is \$1.44 million, or \$187 per building SF, all in. Assuming a first mortgage at prevailing rates at 50% Loan to Cost, and a 10% second mortgage, the required owner equity would be 40%, or \$576,000. Total debt service would be \$69,000, with BTCF of \$58,000. Thus, the unleveraged rate of return using these assumptions would be 9% (\$127,000/\$1,440,000), and the leveraged rate of return (\$58,000/\$576,000) would be 10%. See Table 15 for details, and Figure 21 shows a sketch of the project layout on the block.

Table 15 Financial Analysis, Cleveland Food Truck Service Hub -Rehab project

		Construction cost		\$\$\$
Site acquisition	.77 acres			\$200,000
Rehab	7700 sq/ft	\$90		\$693,000
Covered parking	20 spots	\$15,000		\$300,000
Fencing				\$75,000
Demolition				
Environmental Rem				
Kitchens	1,050 sq/ft	\$25,000		\$125,000
Operating capital				\$50,000
				\$1,443,000 TOTAL

Kitchen Rent charges	
Kitchen use	\$75
Cold storage rental cooler	\$65
Cold storage rental freezer	\$65
Dry storage rental	\$45
Indoor parking	\$100

Truck revenues			
Estimated Profit per truck - Annual	Revenues	Expenses per truck	Annual
Price per item sold	\$6	Kitchen use	\$75 \$15,000
Items sold/hour	30	Dry storage	\$45 \$540
Event length in hours	4	Cold storage	\$65 \$780
Estimated Gross revenue per trip	\$720	Freezer storage	\$65 \$780
Yearly Events	200	Vehicle storage	\$100 \$1,200
Gross annual revenue	\$144,000	Vehicle expenses (yr)	\$1,800 \$1,800
		Cost of goods (yr)	\$36,000 \$36,000
		Help (yr)	\$15,000 \$15,000
NET REVENUE	\$57,900	Miscellaneous (yr)	\$14,400 \$14,400
		Office space rent (month)	\$50 \$600
		TOTAL EXPENSES	\$86,100

Assuming 25 users		
Revenues Breakdown: Annual		
Kitchen rental		\$375,000
Membership		\$3,960
Parking space rental		\$30,000
Cold storage rental		\$19,500
Freezer storage		\$19,500
Dry storage		\$13,500
Office rental		\$15,000
TOTAL Revenues		\$476,460
Expenses Breakdown:		
Taxes		\$28,860
Utilities		\$53,436
Personnel		\$131,400
Management		\$49,058
Replacement Reserve		\$42,881
Maintenance		\$43,235
TOTAL Expenses		\$348,870
NOI		\$127,590
DEBT SERVICE Annual Debt Service		
First mortgage (at 0.5)	\$721,500	\$62,027
Second mortgage	\$144,300	\$7,300
Owner Equity	\$577,200	
TOTAL DEBT SERVICE		\$69,327
BEFORE TAX CASH FLOW		\$58,262
RETURN ON EQUITY		10%
Unleveraged return		9%

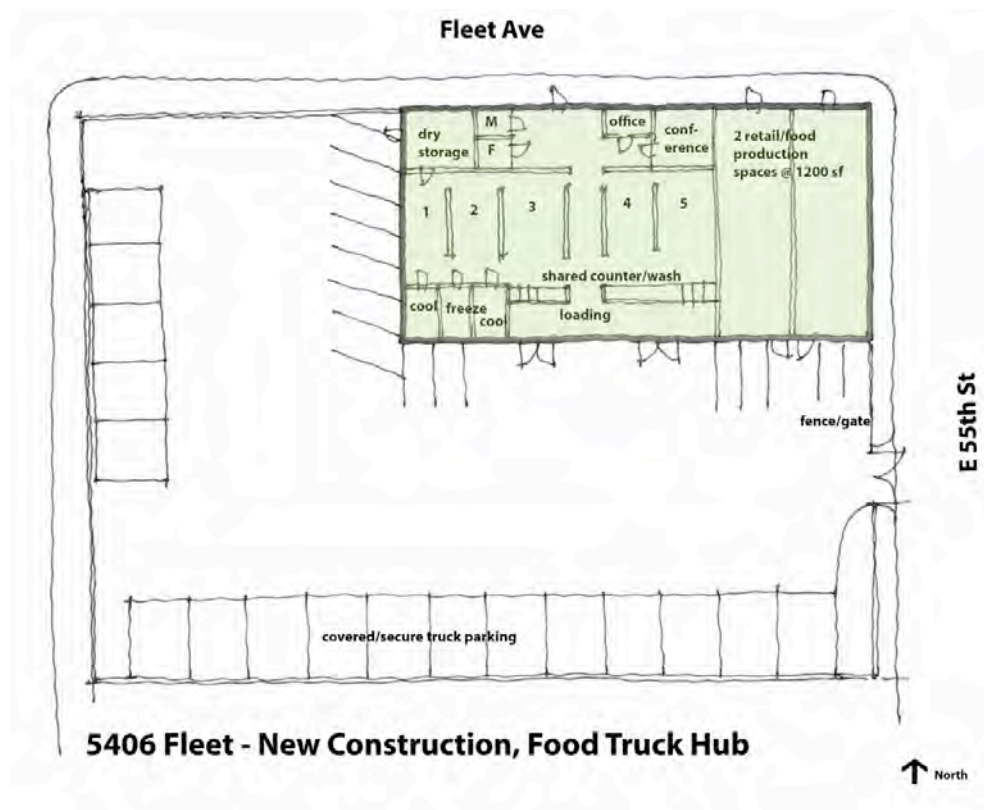
Prototype Case Study 4 – Food Truck Service Hub, New Construction

This prototype was developed based on what we know about properties located at 5406 Fleet Avenue. Attributes of the site: The small remaining auto service station on the site contains 1,000 SF of building on 0.70 acres. The building would need to be acquired and demolished,

with the current community gardens relocated across the street. After environmental remediation (assumed to be \$200,000) new construction of a 7,700 SF facility with ample kitchen prep and retail space would be created. It would have ample parking for both food truck storage in back, east and south of the building.

Key assumptions, including Market penetration rate: We assume 25 food trucks use the facility at a stabilized level, and that 20 use the covered secure parking. The revenue assumptions are the same as for the rehab facility: it's dominated by hourly kitchen rentals of the 5 new, kitchen units (\$30/hour, with 3 hours assumed prior to each event, about 70% of all revenues), with lesser amounts for secure vehicle parking, storage, admin, membership fee, etc. Total revenues for the FTSH are projected to total \$476,000 per year, enough to support operations of 25 food trucks. Expenses include personnel, utilities, property taxes, maintenance, etc. totaling \$349,000, so net operating income prior to debt service is \$116,000 per year. To this point, the new facility virtually mirrors the rehab facility in revenues and operating costs.

Figure 22 Food Truck Service Hub, New Construction



Financial analysis and conclusions: The total new project cost, including site acquisition, improvements, and installing the modern equipment, is \$1.82 million, or \$236 per building SF, all in. Assuming a first mortgage at prevailing rates at 50% Loan to Cost, and a 10% second

mortgage, the required owner equity would be 40%, or \$728,000. Total debt service would be \$82,000, with BTCF of \$36,000. Thus, the unleveraged rate of return using these assumptions would be 6% (\$117,962/\$1,819,370), and the leveraged rate of return would be 5%. See Table 16 for details, and Figure 22 shows a sketch of the project layout on the block.

Table 16 Food truck Service Hub –New Construction

		Construction cost		\$\$\$
Site acquisition	.7 acres			\$58,370
New construction	7700 sq/ft	\$130		\$1,001,000
Covered parking	20 spots	\$15,000		\$300,000
Fencing				\$75,000
Demolition	1,200 sq/ft			\$10,000
Environmental Rem				\$200,000
Kitchens	1,050 sq/ft	\$25,000		\$125,000
Operating capital				\$50,000
				\$1,819,370 TOTAL

Kitchen Rent charges	
Kitchen use	\$75
Cold storage rental cooler	\$65
Cold storage rental freezer	\$65
Dry storage rental	\$45
Indoor parking	\$100

Truck revenues				
Estimated Profit per truck - Annual	Revenues	Expenses per truck		Annual
Price per item sold	\$6	Kitchen use	\$75	\$15,000
Items sold/hour	30	Dry storage	\$45	\$540
Event length in hours	4	Cold storage	\$65	\$780
Estimated Gross revenue per trip	\$720	Freezer storage	\$65	\$780
Yearly Events	200	Vehicle storage	\$100	\$1,200
Gross annual revenue	\$144,000	Vehicle expenses (yr)	\$1,800	\$1,800
		Cost of goods (yr)	\$36,000	\$36,000
		Help (yr)	\$15,000	\$15,000
NET REVENUE	\$57,900	Miscellaneous (yr)	\$14,400	\$14,400
		Office space rent (month)	\$50	\$600
		TOTAL EXPENSES		\$86,100

Assuming 25 users		
Revenues Breakdown:		
	Annual	
Kitchen rental		\$375,000
Membership		\$3,960
Parking space rental		\$30,000
Cold storage rental		\$19,500
Freezer storage		\$19,500
Dry storage		\$13,500
Office rental		\$15,000
TOTAL Revenues		\$476,460
Expenses Breakdown:		
Property Taxes		\$36,387
Utilities		\$55,536
Personnel		\$131,400
Management		\$49,058
Replacement Reserve		\$42,881
Property Maintenance		\$43,235
TOTAL Expenses		\$358,498
NOI		\$117,962
DEBT SERVICE		
	Annual Debt Service	
First mortgage (at 0.5)	\$909,685	\$72,775
Second mortgage	\$181,937	\$9,204
Owner Equity	\$727,748	
TOTAL DEBT SERVICE		\$81,979
BEFORE TAX CASH FLOW		\$35,983
RETURN ON EQUITY		
Unleveraged return		5%
		6%

4.7 Food Hub Conclusions

There appears to be room for more food hub capacity in Cleveland and Cuyahoga County, based on location quotient analysis, a comparison to other major Ohio cities, and comparison to the amenities available in the other two hubs in Cleveland to date. In particular, none of the other food hub facilities in Cleveland provide the ample space needed for food truck hub services and covered parking. Such land is available on Fleet and via assembled adjacent vacant parcels. Fleet Avenue parcels also provide larger land areas that might be suitable for on-site crop production, either in hoop houses or in-ground beds. There is also an opportunity to offer a micro-restaurant hub, which could provide an opportunity for starter restaurants, food trucks, and even established restaurants to have a presence in the neighborhood, and access nearby food production cluster businesses as they are established.



5.0 LOCAL RETAIL OPPORTUNITIES

5.1 Introduction

Fleet Avenue has traditionally been a center of local retail exchange. Its location as a center of the neighborhood southwest of Broadway, its walkable pedestrian scale, its proximity to I-77 connections to the City and other neighborhoods, and its history as a location for well-established businesses serving the neighborhood and a larger region, all have contributed to its role over time, and are now assets which indicate potential for the future.

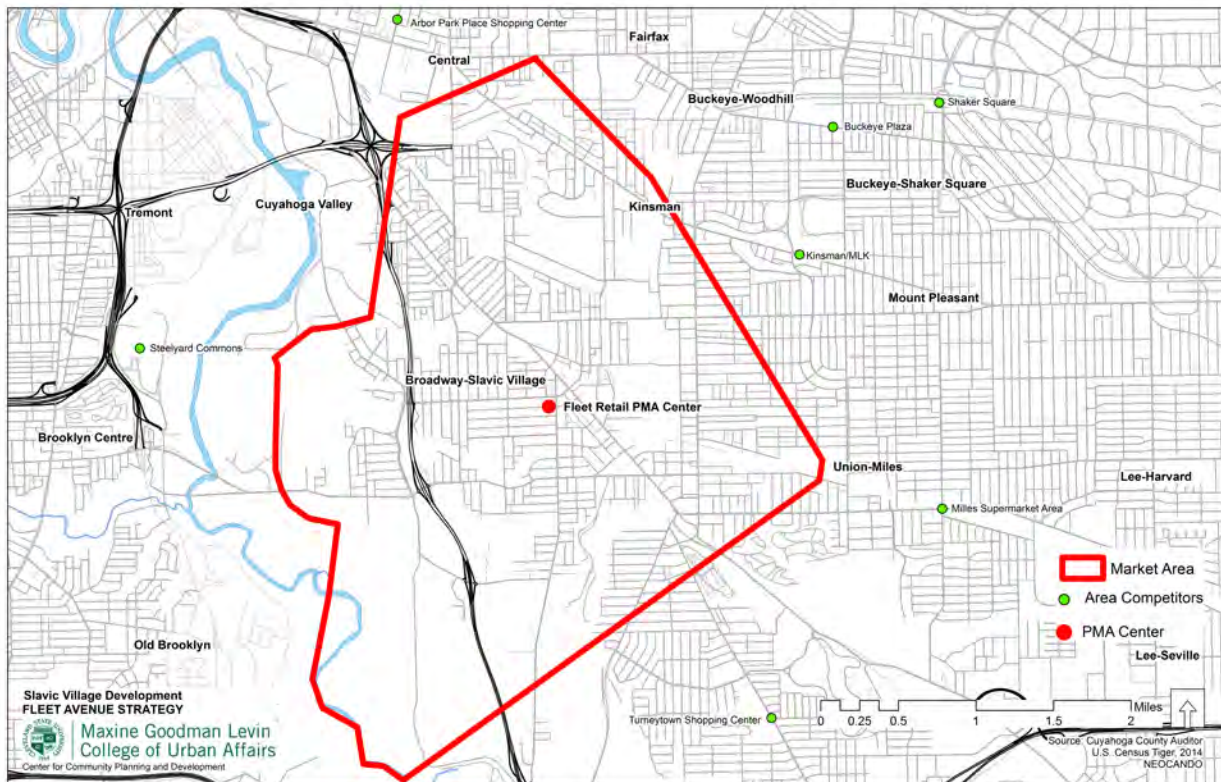
A study of retail capacity was done for Fleet Avenue as part of the larger Slavic Village neighborhood in a neighborhood retail study completed at CSU in the spring of 2016. The current study “drills down” on the Fleet Avenue area specifically, redefining its primary market area, and evaluating supply and demand within that area.

Recent analyses by others indicate a national “meltdown” of retail capacity, specifically focused on malls and big box stores which are seeing unprecedented competition from online shopping opportunities, and which are closing by the thousands every year. At the same time, the “new market” of the millennial and baby boom generations is defined as being less interested in consumer goods, and more interested in experiences which translate into local neighborhood participation, dining, and travel. Local neighborhood retail districts, especially those in “edgy” urban neighborhoods with low rents, and growing artist and creative communities, stand to provide the experience that this new market seeks. (Thompson, 2017)

5.2 Local Retail Demand

The Fleet area market area was defined as including the Broadway Shoppes and Harvard Village areas, since residents in the area are likely going to these for much of their shopping. The center of this market area is located approximately at the intersection of Broadway and Fleet Avenue. A gravity model was used to estimate the boundaries of the Primary Market Area (PMA), as shown on the PMA map. The red outlines are boundaries of census tracts used in the analysis.

Figure 23 Fleet Avenue Primary Market Area



The table 17 illustrates some of the major characteristics of the population within the PMA.

In general, there are about 28,000 people in the PMA, in 11,221 households. The population is generally younger than the City of Cleveland and Cuyahoga County averages. 35% of households have someone under the age of 18, compared to 28% and 27% for the City and County. Conversely, 32% of households have someone 60 or over, compared to the City (33%) and County (38%).

The number of households without access to a car is substantially higher (30%) than the City of Cleveland (25%) or Cuyahoga County (13%). Average household size is 2.5 compared to City

and county (both around 2.3). Mean household income is lower, at \$30,497, compared to the City (\$39,092) and County (\$64,869).

Total household buying power in the PMA is \$342,212,907.

TABLE 17 Fleet Avenue Primary Market Area Demographics

	FLEET AREA PMA	CITY OF CLEVELAND	CUYAHOGA COUNTY
Total Population	28,076		
Total Households	11,221		
Average Household Size	2.5	2.26	2.31
Percent population under 18	28.21%	23.20%	21.8%
Percent population 65 and over	10.46%	12.70%	16.20%
Percent households with someone under 18	34.9%	27.80%	27.10%
Percent households with someone 60 or over	32.2%	33.00%	38.30%
Percent no-vehicle households	29.8%	25.50%	13.80%
Percent renter households	57.6%	57.80%	40.70%
Mean household income	\$ 30,497	\$ 39,092	\$ 64,869
Total buying power in PMA	\$ 342,212,907		

Source: US Census ACS 5-year estimates 2011-2015

5.3 Local Retail Supply

Retail supply in the PMA was inventoried, as summarized in Table 18. About 900,000 square feet of retail business space is available in the Primary Market Area, with about 20% vacant. An additional 244,000 square feet were counted in categories of “other use”, “other recreation and entertainment”. A full inventory is included in the appendix.

An inventory of Fleet Avenue retail businesses is shown in Table 19. A total of about 136,000 square feet is available, with 43% of that vacant, and another 5% used for residential, church or other uses. 52% is actively occupied for retail and other commercial uses. See the appendix for a complete inventory.

Table 18 Fleet Avenue Primary Market Area Inventory (see map for boundaries)

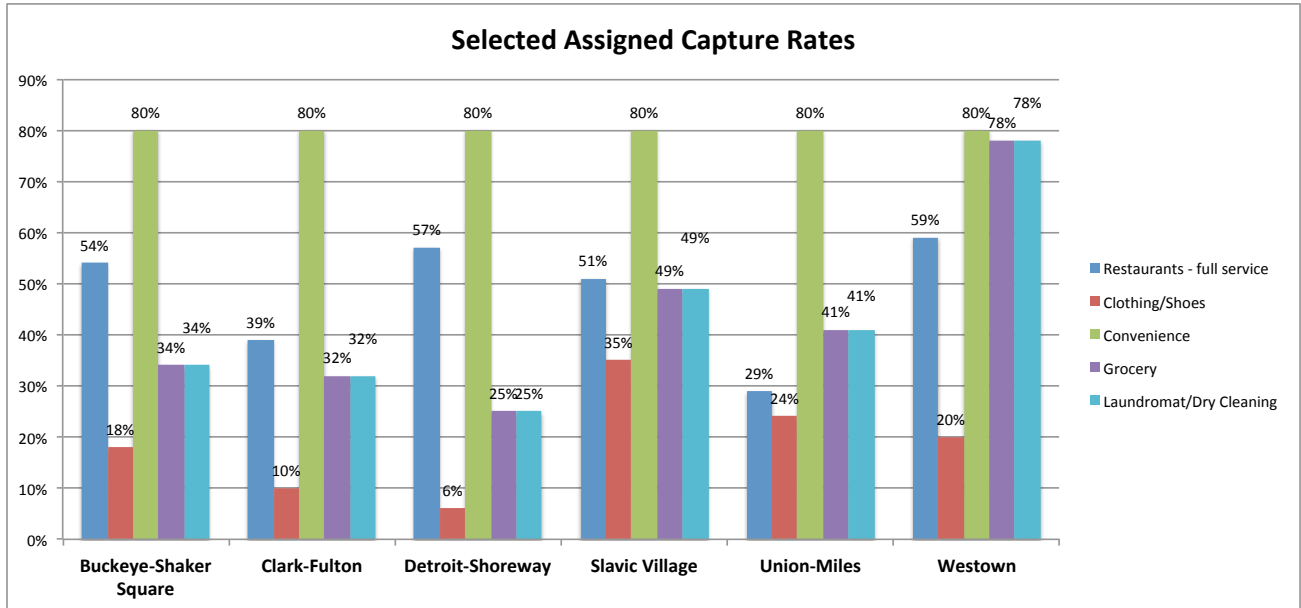
Category	No. Establishments	Estimated Sq Ft	Percent of all space
Dining/Bars	51	91,429	7.4%
Specialty Foods	5	9,400	0.8%
General Merchandise/Drugstores/Convenience	51	228,881	18.5%
Other Consumer Goods	47	122,725	9.9%
Grocery	6	117,893	9.5%
Salon/barber/unisex	11	12,950	1.0%
Auto repair	28	81,149	6.6%
Other Consumer Services	54	132,976	10.8%
Other Uses	73	244,008	19.7%
Vacant	93	195,048	15.8%
TOTAL ALL SPACE	419	1,236,459	100.0%
TOTAL EXCLUDING "OTHER USE"	346	992,451	
TOTAL OCCUPIED EXCLUDING "OTHER USE"	253	1,187,499	
VACANCY EXCLUDING "OTHER USE"		19.7%	

Table 19 Fleet Avenue Retail Inventory, 2016

Category	Number of Establishments	Estimated Square Footage	Percent of all space
Dining/bars	3	4,400	3.2%
Specialty Foods	1	1,800	1.3%
General Merchandise/Drugstores/Convenience	4	8,700	6.4%
Other Consumer Goods	5	7,675	5.6%
Grocery	1	8,500	6.2%
Salon/barber/unisex	1	500	0.4%
Auto repair	2	4,099	3.0%
Other Consumer Services	10	25,600	18.8%
Other Uses	11	13,050	9.6%
Vacant	41	62,110	45.5%
TOTAL ALL SPACE	79	136,434	100.0%
TOTAL EXCLUDING "OTHER USE"	68	123,384	
TOTAL OCCUPIED EXCLUDING "OTHER USE"	27	61,274	
VACANCY EXCLUDING "OTHER USE"		50.3%	

Based on a study done in the summer of 2015 by the CSU Center for Community Planning and Development, demand in urban neighborhood shopping patterns was defined through visitors surveys. Figure 24 shows typical capture rates for different types of goods and services, as reported through the visitor surveys. This information was used in the following niche analysis.

Figure 24 Neighborhood Capture Rates per Visitors Survey, Summer 2015



5.4 Comparing Supply and Demand

A retail niche analysis was performed to define the relative supply and demand of specific retail business categories within the PMA. The analysis examined dining/drinking establishments, consumer goods, and consumer services separately. “Gap” is defined as the over- or under-supply of business square footage based on capture rates as shown. Capture rates were defined in a CSU study in the summer of 2015 using detailed visitors’ surveys in the Slavic Village area. “% Outside Sales” is defined as the additional percent of capture that could be added due to outside visitors, based on the visitors’ surveys. “Leakage” is defined as the total square footage that would be supported if all household spending for that category were spent in the primary market area. Assumptions could be made that additional sales could be generated by outside visitors in some categories.

Table 20 Dining Niche Table

See text for explanation of capture rate, “gap” and “leakage”.

	Capture Rate	% for Outside Sales	Total Gap in SF Needed	SF Leakage
DINING				
Restaurants - full service	45%	200%	23,902	12,643
Restaurants - limited service	45%	200%	(18,920)	(26,201)
Bars/Taverns	51%	200%	(12,072)	(16,516)
Catering*	40%	200%	4,107	3,422
Total				

Table 21 Retail Consumer Goods Niche Table

See text for explanation of capture, “gap” and “leakage”.

	Capture Rate	% for Outside Sales	Total Gap in SF Needed	SF Leakage
RETAIL SHOPPING				
Auto Parts	40%		(8,074)	(919)
Beer/wine/liquor stores	49%		(2,724)	(356)
Books/Music	21%	200%	1,455	2,310
Clothing/Shoes	35%		(7,340)	10,506
Computer/electronics/phone	23%		(18,214)	(10,827)
Convenience	80%		(50,815)	(50,468)
Drugstores	49%		(27,312)	(18,270)
Florists	28%	200%	(2,932)	(2,843)
Gas Stations/Convenience	80%		(16,404)	(12,818)
General Merchandise	49%		(69,351)	(27,115)
Gifts/novelties	28%	200%	(3,745)	(3,487)
Grocery	49%		(100,774)	(82,956)
Hardware/Home/Garden	38%		6,581	31,513
Health/Beauty	49%		(8,827)	(6,087)
Home Furnishings	23%		(321)	8,983
Household appliances	23%		(6,867)	(5,418)
Jewelry	28%		584	2,087
Luggage/leather goods	35%		60	171
Musical instruments	28%		169	602
Office Supplies/stationery	21%		362	1,722
Specialty foods	38%	200%	(6,092)	(6,498)
Sporting goods/outdoors/bikes	51%		(9,016)	(6,869)
Toy/Craft/Hobby	35%		376	1,076
Used merchandise	22%	100%	(2,851)	139
Other retail	28%		(8,206)	(4,621)

Table 22 Consumer Services Niche Analysis

	Capture Rate	% for Outside Sales	Total Gap in SF Needed	SF Leakage
CONSUMER SERVICES				
Bowling	49%	100%	50	51
Auto repair/services	49%	100%	(78,460)	(78,406)
Appliance repair	28%		(964)	(927)
Fitness/Health/Dance/martial arts	28%		83	297
Funeral Services	49%		(34,147)	(33,753)
Salon/barber/unisex	49%		(12,209)	(11,437)
Radio/Television/Electronic svcs	49%		79	161
Laundromat/Dry Cleaning	35%		(8,319)	(8,026)
Pet Stores/Services	49%		(874)	104
Legal Services	35%	100%	2,460	2,602
Tax Preparation/Accounting	49%		(20,408)	(19,308)
Financial Services/Insurance	49%		(11,127)	(10,379)
Banks	49%		(21,084)	(16,593)
Real Estate Services	35%		103	1,698
Photography Services	49%		66	190
Travel Services	35%		(3,929)	(3,751)
Tailoring/alteration	49%		12	34
Shoe repair	35%		7	14
Locksmiths	49%		7	21
Optometrists	49%		(2,149)	(1,992)
Dental offices	49%	100%	1,093	1,146
Cinemas	49%	200%	1,281	872
Other Services	35%		(13,093)	(11,733)

5.5 Local Retail Conclusions

Based on the niche analysis, especially with regard to total leakage, and keeping in mind a minimum business size of about 500 square feet for most businesses, capacity exists in the primary market area in the following categories. Additional capacity could be assumed based on outside visitors.

- Full service restaurants
- Catering
- Books/music
- Clothing/shoes
- Hardware/home/garden
- Home furnishings
- Jewelry
- Musical instruments
- Office supplies/stationery
- Toy/craft/hobby
- Legal services
- Real estate services
- Dental offices

The niche analysis identifies key businesses which could be supported on Fleet Avenue. At the same time, it is important to keep in mind that as new housing infill occurs and the residential character of the neighborhood is strengthened, there may be increasing support for certain basic goods and services that serve typical well-rounded neighborhoods. These businesses might typically include the following. Items highlighted in red were also shown to be supported by the niche analysis.

- Grocery/produce
- Restaurants/café/bakery
- Laundry/dry cleaning
- Supplies/pharmacy/hardware/general merchandise
- Professional services/legal/tax/dentist/optometrist
- Gas station/auto repair
- Beauty/Barber/Salon
- Fitness/yoga/etc
- Printing/shipping/mailboxes/copies/office supplies
- Daycare



6.0 Overall Fleet Avenue Strategy

6.1 Introduction

A detailed parcel-by-parcel analysis was performed, based on County auditor data, field exterior survey, and analysis of key characteristics of each property in the study area. This information was combined with market and financial feasibility information in the preceding chapters to outline an overall strategy for Fleet Avenue.

6.2 Retail Suitability

A retail suitability analysis was performed, as shown in the Retail Suitability Map (larger map available in the Appendix). Existing frontage buildings were evaluated for the following criteria. Items highlighted in red were considered highest priority and received extra weight. The individual parcel ratings and their basis are detailed in the property inventory in the Appendix.

- freeway access
- building condition
- presence of storefront space
- contribution to street character
- proximity to other commercial use buildings
- available parking
- corner location
- delivery access

- presence of upper floor/basement for storage/office/auxiliary space

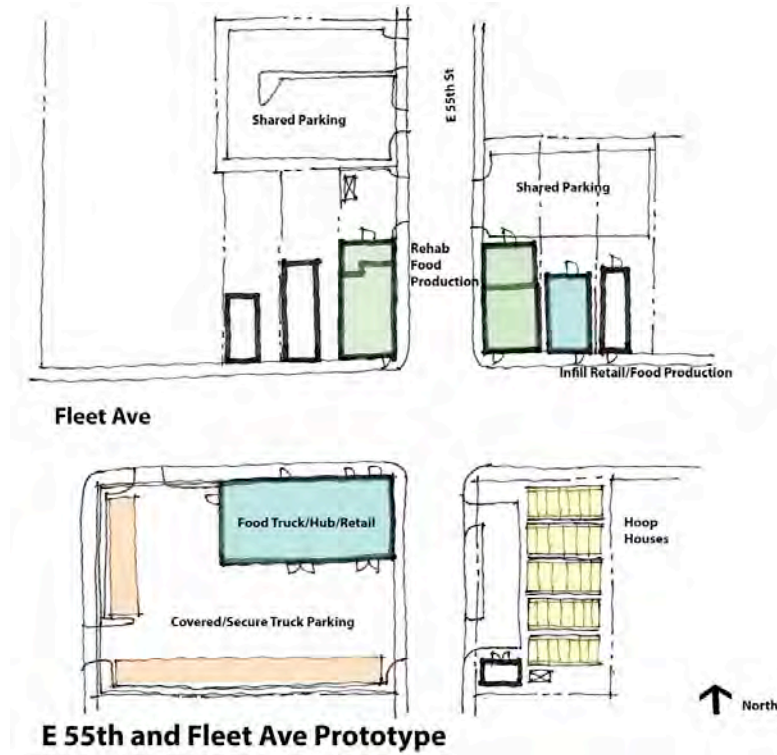
Figure 25 Retail Suitability (See Appendix for larger map)



6.3 Prototype Cluster

A prototype beginning of a food production cluster strategy is shown in figure 25. It includes a combination of rehab and new construction for food production, along with a food truck hub and hoop houses for garden food production. While shown at the intersection of East 55th and Fleet, which does provide an opportunity for such a cluster, it is a prototype, and specific opportunities may be found, depending on property investigation and availability, and a good match with businesses, at other locations within the food production cluster area on the west end of Fleet Avenue. The important point is to seek opportunities that can provide businesses

Figure 26 Prototype Food Business Cluster



Potential investment needs for a food production cluster on Fleet is shown below. Costs are roughly estimated, based on the prototype financial analyses included in the previous sections of this report.

Table 23 Overall Food Business Strip Investment

Item	Total Cost	Potential Required Subsidy*
Food Production Rehab 1	\$ 350,000	\$ 150,000
Food Production Rehab 2	\$ 350,000	\$ 150,000
Food Production Rehab 3	\$ 350,000	\$ 150,000
Food Production Rehab 4	\$ 350,000	\$ 150,000
Food Production Rehab 5	\$ 350,000	\$ 150,000
Food Truck Service Hub Rehab	\$ 1,440,000	\$ 250,000
Micro Restaurant Hub/Zipper	\$ 1,900,000	\$ 350,000
TOTALS	\$ 5,090,000	\$ 1,350,000

* TO MEET DEVELOPMENT SHORTFALLS AND OPERATING CAPITAL

6.4 Overall strategy

Figure 26 Overall Strategy



Fleet’s location close to I-77 and connections to downtown and other neighborhoods, its relatively low rents, and the availability of land for new construction and buildings suitable for renovation all point to the potential for a food production cluster to succeed on Fleet Avenue. In particular, the availability of land provides the opportunity for specialty crop production in proximity to food processing – an asset that other food processing launch facilities in Cleveland do not have.

See Figure 26, Overall Strategy Map (larger version is in the Appendix). It outlines three major zones along Fleet:

- 1) to the West, in immediate proximity to the I-77 interchange, a food production cluster is located, with a mix of rehab and new construction, food production garden space, restaurants and retail outlets for food production firms.
- 2) On the east end of fleet, a specialty dining cluster takes advantage of and enhances existing longstanding ethnic businesses including 7 Roses and the Red Chimney, a former restaurant building which is now vacant, and ample opportunities for parking and perhaps some new commercial infill.
- 3) Along the center part of the street, between East 57th and East 63rd, a revitalized residential mixed use neighborhood is envisioned, utilizing large vacant assembled parcels for new housing, and rehabbing mixed use storefronts for neighborhood-serving retail such as grocery, laundry, coffee shops, bakery, dry cleaning, professional offices, and specialty local retail shops.

6.5 Overall Conclusions

Food Production. There appears to be capacity in Cuyahoga County for special food services and food manufacturing, restaurants and other food sales. “Specialty food stores” may especially be supported for stores associated with dining, restaurant and special food-related clusters. Food-related industry demand is growing across the country and it is likely that capacity will increase over time in our region and elsewhere.

The prototypes indicate that food production renovation or new construction could be viable under existing rent and construction cost conditions. However, subsidy is likely to be required, especially for new construction options. Our analysis was based on exterior assumptions about building condition – the next step would be to drill down on specific building options to better understand true costs and requirements, and the appropriate match of businesses to spaces.

Food Hubs. There appears to be room for more food hub capacity in Cleveland and Cuyahoga County, based on location quotient analysis, a comparison to other major Ohio cities, and comparison to the amenities available in the other two hubs in Cleveland to date. In particular, none of the other food hub facilities in Cleveland provide the ample space needed for food truck hub services and covered parking. Such land is available on Fleet and via assembled adjacent vacant parcels. Fleet Avenue parcels also provide larger land areas that might be suitable for on-site crop production, either in hoop houses or in-ground beds. There is also an opportunity to offer a micro-restaurant hub, which could provide an opportunity for starter

restaurants, food trucks, and even established restaurants to have a presence in the neighborhood, and access nearby food production cluster businesses as they are established.

Prototype analysis indicates that food hub development, either as rehab or new construction, could be feasible, but will also require subsidy, especially for new construction.

Local retail. Capacity for growth in local retail appears to exist in the primary market area in the following categories. Additional capacity could be assumed based on outside visitors.

- Full service restaurants
- Catering
- Books/music
- Clothing/shoes
- Hardware/home/garden
- Home furnishings
- Jewelry
- Musical instruments
- Office supplies/stationery
- Toy/craft/hobby
- Legal services
- Real estate services
- Dental offices

As new housing infill occurs and the residential character of the neighborhood is strengthened, there may be increasing support for certain basic goods and services that serve typical well-rounded neighborhoods, such as grocery/produce, café/bakery, laundry/dry cleaning, general supplies and hardware, professional and medical services, gas station, auto repair, beauty-related businesses, fitness, printing/office supplies, and daycare.

Overall strategy. Many structures on Fleet appear to be suitable for revitalization, and for use by food production activities in particular. The street shows much potential for commercial revitalization due to its excellent freeway access, close proximity to downtown and key Cleveland neighborhoods generating food production demand, and availability of vacant land to accommodate parking, new housing, new construction, and even crop production. Available land and good location make a food truck hub especially appealing. An overall strategy takes advantage of immediate freeway access to locate food-production related businesses on the west end of Fleet. Existing established specialty restaurants, a vacant restaurant building, and ample parking provide an advantage to strengthening a specialty food/dining cluster at the east end of Fleet. And in the center of the street, larger parcels of vacant land, along with available small spaces suited for local neighborhood retail and services, lend themselves to housing infill and strengthening of a residential/mixed-use zone that will support neighborhood vitality, and provide more customers for growing commercial activity. Fleet's newly rebuilt street, and overall walkable scale, provide potential for once again creating a vibrant, active urban neighborhood main street in a strong neighborhood.

6.6 Caveats and restrictions

While this study has made an attempt to use methodical analysis to identify Fleet Avenue's strengths and challenges, to identify possible market opportunities in the food production, food hub and retail environments, and to generate ideas and opportunities for business expansion, it should be noted that there is no guarantee that any business or enterprise will succeed. There are many factors that contribute to the success of a business; a preliminary market analysis is only one of them. Others include business owner strategy, vision and marketing savvy; management competence; availability of capital; collaboration with other businesses; and overall economic market conditions, all of which are beyond the scope of this project. Ideally individual businesses will do their own specialized market analyses based on their knowledge of their niche within the food production food truck, or local retail industry.

Among the most significant limitations of the study was the inability to access the interiors of buildings, and the lack of specific businesses with interests in the Fleet location. As shown in our models, business needs vary widely depending on their operation plans. It is recommended that next steps include detailed work on matching individual businesses to suitable buildings, including professional analysis of building interior conditions and structural feasibility.

Finally, while a reasonable attempt was made to discover existing environmental hazards on Fleet parcels, in a revitalizing historic area, it is always possible that additional unmapped contamination and/or underground storage tanks may be found. This is especially of concern in areas where crop food production and hoop houses are planned, as ground fumes can build up under hoop houses and have a harmful effect on workers. It is highly recommended that a thorough environmental and soil assessment be completed on any site planned for redevelopment, in particular those where crop production may be intended.



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