

Cleveland's Euclid corridor project has paved the way to economic development

By Michelle Jarboe, The Plain Dealer

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The University Lofts apartments and adjacent condominiums are one of many projects that have sprung up along Euclid Avenue. The first renters could move into the apartments, the two buildings on the right, as soon as Tuesday. The Kaufman brothers, who own the properties and have a printing business next door, are hoping to benefit from the growth of Cleveland State University and improvements along the Euclid corridor.

CLEVELAND, Ohio – It was the worst possible timing.

In October 2008, construction finally ended along one of Cleveland's most essential avenues. The crumbling Euclid Avenue corridor had become a sparkling link between downtown and University Circle. The sleek buses, the slick stations and the smooth road offered a potential path to urban renewal.

Meanwhile, the nation's financial system was crumbling. Lehman Brothers had filed the largest bankruptcy case in the nation's history. The government had seized mortgage lenders Fannie Mae and Freddie Mac. The housing market was in tatters, banks were floundering, and the country was headed into a severe recession.

Despite the challenging financial climate, the \$197 million renovation of Euclid Avenue has become an economic development engine for the city. More than \$3.3 billion worth of projects are in the works or recently finished along five miles of the vital artery.

To be sure, the progress has been slower than many would like. The number of projects would be far greater if not for an economic crisis that has stalled or killed developments across the country. And given a shortage of private lending, many of the high-profile projects along the corridor depend on institutions, tax credits and other incentives.

Nevertheless, builders are staring down the shaky real estate market and finishing town houses in University Circle. They're completing apartments in former department stores downtown. And they're pitching plans to make Midtown a biomedical and technology hub.

"I don't know that there are too many arteries in this country with this much development," said Ari Maron, whose family redeveloped East Fourth Street downtown. "Development takes time, and it's an organic process. So while I think there are a lot of things happening on Euclid Avenue

right now, a lot of which you're seeing, there's also a lot in the works that you can't physically see."



Lynn Ischay, The Plain Dealer

The Circle 118 town house development is one of more than \$3.3 billion in projects in progress or recently completed near Euclid Avenue. A model home at Circle 118 is set to open Dec. 12, and the first six homes are for sale. Developers are planning to finish the project next summer.

Economic development wasn't the primary goal of the Greater Cleveland Regional Transit Authority's federally funded project to remake Euclid Avenue. The mission was transportation, a faster bus line connecting downtown to University Circle. Even as the RTA loses riders and cuts service on other routes, the bus line and the free trolleys on Euclid are expected to carry 4.6 million riders this year -- the most passengers on Euclid Avenue since 2000.

But spurring surrounding development was part of RTA's pitch for the Euclid project. And that investment appears to be occurring, although slowly.

"It's never going to be the whole street popping at once," said Paul Volpe, president of the firm City Architecture, which is working on projects downtown and in University Circle. "It's going to be in areas of critical mass, and that's what we're starting to see. The truth is, Euclid corridor had a significant impact, but you don't just push a button and economic development occurs."

Theater district, CSU see benefits

Residents have returned to Public Square, moving into condominiums in the restored Park Building. Renters are living in a former department store at 668 Euclid, where the K&D Group of Willoughby is finishing a \$65 million renovation project that includes apartments, offices, a restaurant and a gym.

Theatergoers pack the tables at Bricco restaurant on PlayhouseSquare before a show. On weekdays, students scurry across Euclid to wait for the bus in front of Cleveland State University.

"It has certainly exceeded all of our expectations," Jack Boyle, the university's vice president for business affairs, said of the Euclid corridor project. "First of all, we do see development occurring. But secondly, just from an urban-planning standpoint, what's been done to the road has just changed the whole nature of what Euclid Avenue means to our campus."

CSU has finished roughly \$50 million in projects on or near Euclid during the past two years. The university has more than \$150 million in development under way, including student housing meant to help transform the commuter school into a residential campus.

Without the corridor project, the university's new buildings probably would have turned their backs to Euclid Avenue, creating a more insular campus. But the remade road has encouraged

CSU to put its front doors on Euclid, to build on both sides of the street and to consider how the appearance of new university buildings fits with the avenue.

Other developments are springing up around the university and the improved public transit line. Allegro Realty Advisors purchased the nearby Morse Graphic Arts building and is renovating the property for its new offices plus ground-floor eateries or stores. Allegro, based in Independence, plans to move its 11 employees downtown in the spring.

Incentives might make these projects possible, but the Euclid corridor project made them desirable.

"You have ground-level interest occurring even in the bad economy," said Tom Yablonsky, executive vice president of the Downtown Cleveland Alliance. "No one wanted to be on it before." The street improvements created a canvas for a retail plan, which would put outlet shopping on lower Euclid and a cluster of design showrooms and stores reaching east to PlayhouseSquare. The economy has slowed efforts to fill the storefronts, but community development groups already are tackling nearby public spaces.

PlayhouseSquare hopes to secure federal stimulus money to support infrastructure improvements and landscaping on East 14th Street, a project that could start next year. And the Downtown Cleveland Alliance has hired Field Operations, a New York landscape architect, to work on plans for improving Public Square.

Midtown sees new interest

The appearance of Euclid matters just as much as, if not more than, the upgraded public transportation, now called the HealthLine.

In Midtown, the district between East 28th and East 79th streets, presenting a fresh image is particularly important to property owners trying to attract tech companies and biomedical businesses.

"There's no question that the infrastructure improvement has increased the interest," said Jim Haviland, executive director of the MidTown Cleveland Inc. community development group. "You saw initial investment and interest increase before the project was even over."



Lynn Ischay, The Plain Dealer

Mike Tobicash, a glazier with Lakeland Glass Co. of Lorain, puts in aluminum framing for windows at Circle 118. The first six homes at the town house development look out over a revived Euclid Avenue, where sleek new buses travel what is now known as the city's HealthLine.

With offices, call centers and homes separated by swaths of vacant land and skeletons of industry, Midtown is perhaps the most nebulous slice of the corridor. The area's master plan, which is being reviewed, calls for a mix of uses in multistory buildings that would belly up to Euclid Avenue. Angelou Economics, a consulting firm in Texas, is studying how the portion of Euclid in Midtown can be developed and marketed as a health and technology corridor.

Some of that already is happening. Developer Dick Pace has nearly filled the Baker Electric Building, at 7100 Euclid, with tenants including labs and start-up companies that emerged from incubators in University Circle. Industrial developer Fred Geis is planning a technology center at East 69th Street and Euclid. And existing businesses, including Pierre's Ice Cream, American Sugar and Italian food store Gallucci's, are expanding.

"Without that investment, I would not have invested here," Pace said of the corridor.

Scott Garson, a real estate broker with NAI Daus, also bought a building because of the road. But last year, the lender on his Victory Lofts project pulled out of the deal. Garson is waiting for word on new financing for the project.

During the past year, institutions or public subsidies have driven many of the new projects announced in Midtown. The state has plans for an \$84 million regional psychiatric hospital near East 55th Street, on land that previously had been slated for a technology center. Other projects include permanent housing for the homeless and apartments for the elderly, both subsidized by housing tax credits.

Those proposals concerned property owners who feared that a psychiatric hospital and homeless housing would create negative perceptions of Midtown.

"There was a sense of place that we were trying to establish, and now we have a series of proposals that are driven by public or private determinations," said Volpe, of City Architecture. "Nobody's saying whether it's good or bad. It's just, 'What does it mean?'"

Now, business owners and investors in Midtown say they are focusing on how the buildings will look and how they will be managed. And stakeholders say the city of Cleveland has been working to encourage more private development and ensure a variety of projects along the corridor.

Garson described Euclid Avenue as a confidence-builder that is changing perceptions.

"When things look crappy, people don't treat them well," he said. "When you redo the street, you eliminate the overall blighting influence."

Construction continues in University Circle

Six town houses are under construction at Euclid and East 118th Street.

From the rooftop of one of these homes in the Circle 118 development, you can watch freight trains and rapid trains roll by, while HealthLine buses trundle down the Euclid corridor below. Look toward Little Italy, and there's another set of new town houses, called 27 Coltman. Turn toward the Cleveland Clinic and University Hospitals and you'll see cranes in the sky.

Circle 118, which eventually will include 17 town homes, sits right along Euclid Avenue. Next door, the Cleveland Hearing & Speech Center recently moved into a new building. At Euclid and Ford Drive, the University Circle Inc. community development group recently finished a \$7.5 million renovation of the Commodore apartments. Across the street, University Hospitals is building its new cancer center.



Lynn Ischay, The Plain Dealer

Ken Bobic, a drywall finisher from Finishing Touch Drywall, works on a bedroom at Circle 118. The development, in University Circle, eventually will comprise 17 town houses at Euclid Avenue and East 118th Street. The project was delayed six months by the Euclid corridor project, but developers say the remade road and improved public transportation have reinforced that Euclid was the right location.

Development -- even construction of homes -- has continued in University Circle during the recession. That growth is fueled by the confluence of arts and cultural institutions, Case Western Reserve University and the hospitals that provide jobs and bring new residents into the community.

Still, University Circle is not immune to the economy. Developments, including the Uptown neighborhood planned at Euclid, Mayfield and Ford, have been delayed by financing challenges. "We're making progress, it's going very well, and we remain excited and committed," said Ari Maron, whose family is involved with Uptown.

Last month, a University Circle Inc. subsidiary won a federal award that could jump-start projects on or near Euclid. The group received \$20 million in New Markets Tax Credits, which can be sold to fund developments. Executive Director Chris Ronayne said the credits could help finance projects such as a planned hotel at Cornell Road and Euclid or a mixed-use transit center project on Mayfield Road, just west of Little Italy.

Without the recession, these projects might already have started. University Circle might be the site of more cranes, and that momentum might have reached farther into Midtown, where private developers might be building labs and offices, whose workers could hop on a HealthLine bus and ride to their new apartments or condos downtown.

"We'll labor over that for a long time as we slowly get out of this economic hole we're in," said Volpe, the architect. "But the fact is, even with the desperate strait the national economy is in -- and the local economy, especially -- because we invested in that street, our community doesn't look abandoned.

"What happens when the economy gets better? We ought to be seeing some really good things."