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**VARIETY VILLAGE
DISTRICT ECONOMIC
ANALYSIS:
RETAIL MARKET
EXPANSION, ECONOMIC
IMPACT, AND FISCAL
IMPACT**

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1.0 EXECUTIVE SUMMARY

One of Cleveland's historic gems is slated to return to life in the near future, bringing with it revitalization and economic vitality for the diverse Westown neighborhood: the Variety Theatre Complex located at 11801-11825 Lorain Avenue. It is listed on the National Register of Historic Places. Its unique and ornate Spanish-Gothic architecture was designed by noted Cleveland architect Nicola Petti. The theatre opened in 1927 as a vaudeville and silent films theatre. From 1927 to 1954, it was owned by Warner Brothers as a first-run Hollywood movie theatre. It remained a movie theatre throughout the 1980s, and in the 1990s the theatre hosted many rock groups including Bono and U2, Stevie Ray Vaughn, REM and Metallica. The complex includes 10 storefronts with a total of 7,500 square feet of rentable space, and 10 second floor apartments. It also features a 20,000 square foot theatre, including stage, orchestra pit, dressing rooms, plus a 350-seat second floor balcony, and a VIP apartment that was reserved for vaudeville stars and celebrities.

The complex remains strong in the memories of many native Clevelanders. The planned adaptive reuse for the complex will be known as Variety Village, to include a restaurant and entertainment venue (with full restoration and stabilization of the interior detail), storefront retail shops, a second story balcony movie theater, and renovated apartments above. Cleveland restaurateur Tony George of the George Group, owners of well-known locations including the Harry Buffalo chain, Townhall and Barley House, will build out the theatre and manage it as a restaurant and entertainment venue. The development of the second floor balcony theatre is under pre-development analysis to determine costs of development, management structure and programming as a family cinema. An associated new parking facility conveniently located right across the street will provide 75 parking spaces. The Variety Theatre Complex project will serve as an anchor and catalyst for revitalization along Lorain Avenue to the east and west, expanding the Variety Village concept to a district. The location's excellent freeway access at West 117th, and location equidistant between Detroit-Shoreway's Gordon Square Arts District and Kamms Corners commercial center, provides an ample market for increased activity and neighborhood main street vitality. Co-developers of the project include: Westown Community Development Corporation, and Detroit Shoreway Community Development Corporation. The Friends of The Historic Variety Theatre are a project partner.

Cleveland City Councilwoman Dona Brady was instrumental in obtaining City support for restoration and re-lighting of the Theater's marquee in 2015. The complex has garnered state-level and national attention. In 2015, it was awarded \$1.4 million in state historic tax credits; in 2017, \$7.5 million has been committed by the City, County, State, and private sources. In June, 2017, the complex won a national competition supported by Mike Wolfe, star and creator of History Chanel's "American Pickers" program, and the National Trust for Historic Preservation and was awarded "This Place Matters" national recognition and continues to garner support. The complex is poised to receive a New Market Tax Credit award to close on the current funding gap. "But for" these additional funds, the Variety Village Complex project would remain a dream, not a reality.

This study outlines the economic and fiscal impacts of the redevelopment of the Variety Village District, comprised of the Variety Theatre Complex, a new public parking lot, 40,000 square feet of new retail along Lorain Avenue. In addition, as shown in the full report, a portion of the location decision for at least three local industries which are moving to, or expanding their enterprise in, the immediate Westown neighborhood, can be attributed to the catalytic effect of the Variety Village District redevelopment.

The peer-reviewed and popular literature strongly supports the catalytic effect of street “vibrancy” (daytime and evening retail and service activity) in attracting new business, which has been corroborated on this project by interviews with local industry and real estate informants. Up to 20% of industry location decisions have been shown to be related to vibrancy factors, exemplified by nearby retail and dining amenities. Retail market analysis indicates capacity and potential demand on Lorain Avenue for retail expansion. These external catalytic effects will expand the economic and fiscal impact of Variety Village well beyond the direct investment in the project itself.

Analysis of project impacts demonstrate that this \$15 million project will provide 99 project construction jobs through 2019, and 86 project permanent jobs in a stable year (Year 8). However, when the expansion of local industry and retail are taken into account, up to 365 construction jobs and 406 permanent jobs over eight years could be catalyzed by the project.

Including indirect and induced impacts, projected overall impacts will be:

- 406 permanent jobs in Ohio, with 334 of them in Cleveland
- \$22.2 million per year in total economic activity in Cleveland, \$23.4 million in Cuyahoga County, and \$28.6 million in Ohio, in a stable operating year
- \$26.3 million in total economic impacts generated by construction through 2027 (year 8) in Cleveland, \$27.7 million in the County, and \$38.3 million in Ohio
- A net present value positive benefit in fiscal impact over 30 years to the City of Cleveland of \$5.6 million, \$3.9 million to the County, and \$28.9 million to the state of Ohio, with corresponding highly favorable benefit-cost ratios
- Net present value positive fiscal benefits to the CMSD of \$2.3 million over 30 years
- Total annual fiscal benefits in a stable year (Year 8) of \$2.7 million (2027 dollars), with total property taxes paid of \$182,580 that year.

The following tables indicate the overall impacts of the Variety Village District redevelopment, both economic and fiscal, when the larger neighborhood effect (industry and expanded retail) are taken into account. As noted in the full report, the assumption, based on the literature, substantially lower retail vacancy, plus 10% of nearby industry expansion can be attributed to increased street vibrancy catalyzed by Variety Village.

ECONOMIC AND FISCAL IMPACTS OF THE VARIETY THEATRE DISTRICT REDEVELOPMENT

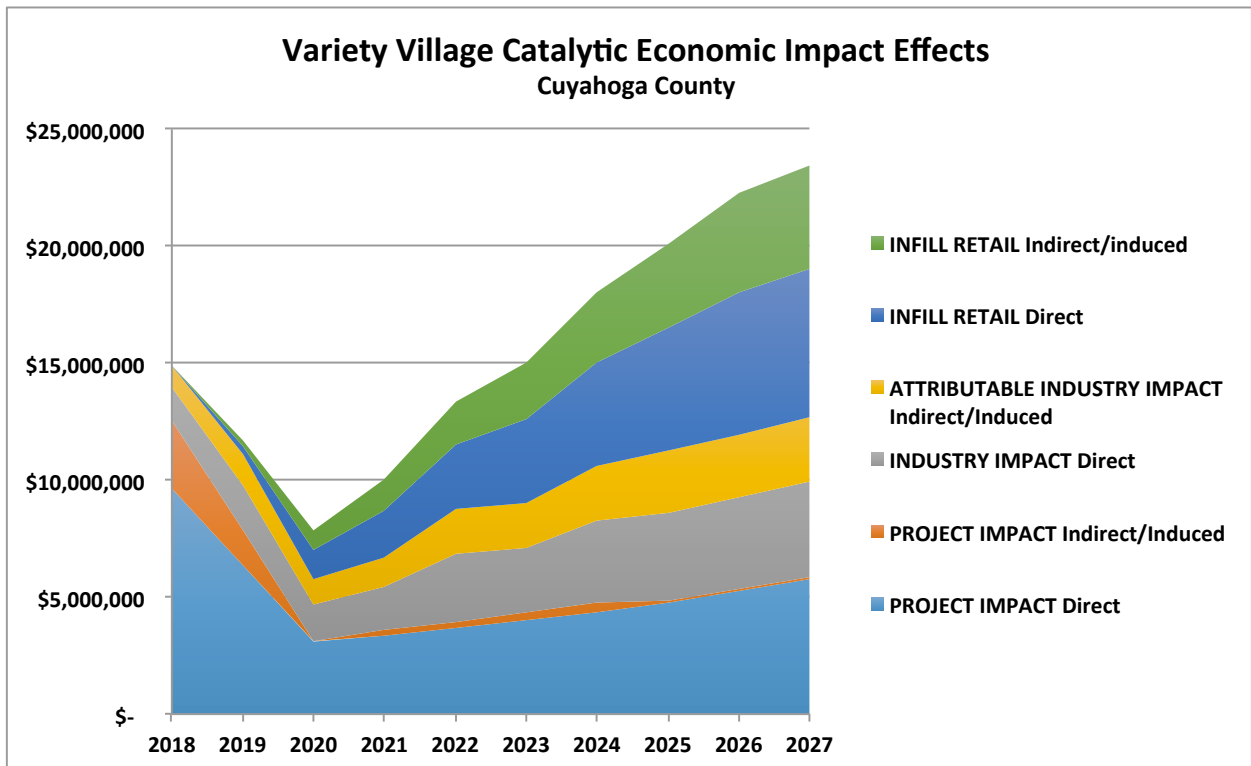
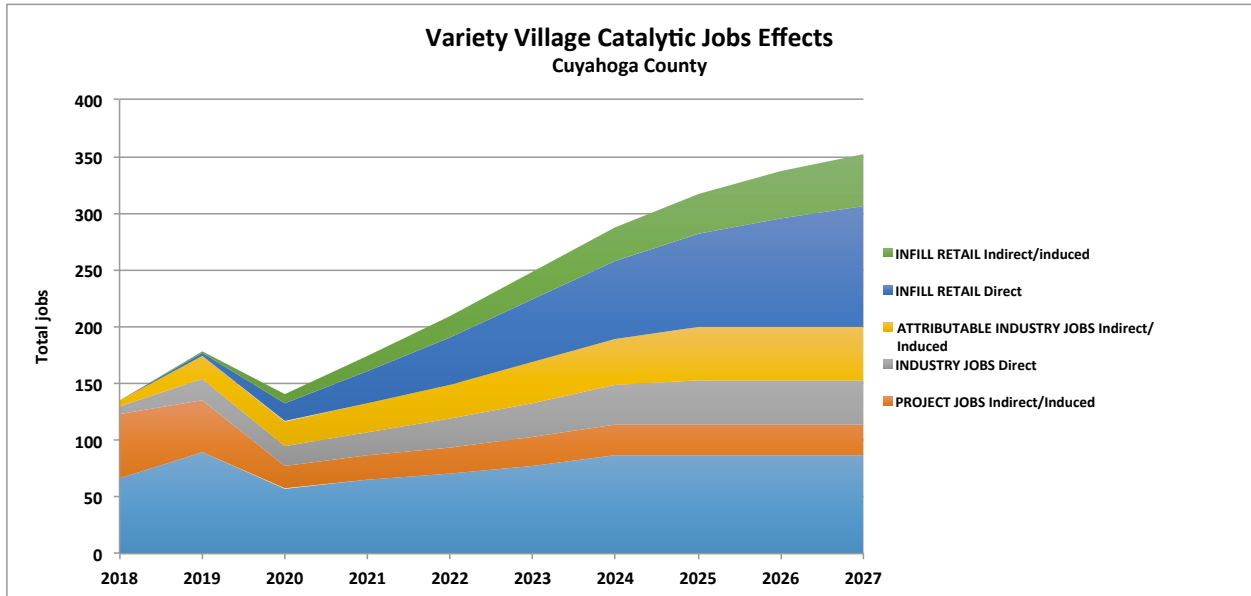
The following summary of all impacts from the project and its associated catalytic effects on the Variety Village District retail development, and nearby industry development, is based on methodology and approach assumptions described in the full report.

SUMMARY OF ECONOMIC IMPACTS

	Project	City of Cleveland	Cuyahoga County	State of Ohio
Operations Impacts Delivered: Stable Year (Year 8)				
Employment Impacts (FTE)	86	334	352	406
Total Economic Activity	\$ 2,746,316	\$ 22,238,706	\$ 23,409,164	\$ 28,619,012
Personal Income/Earnings	\$ 2,210,550	\$13,330,734	\$14,032,351	\$ 17,234,023
Construction Impacts Delivered: Total (Through Year 8)				
Employment Impacts (FTE)	99	253	266	328
Total Economic Activity	\$15,470,355	\$26,330,210	\$27,716,011	\$ 38,337,887
Personal Income/Earnings	\$ 7,013,325	\$15,474,792	\$16,289,254	\$ 19,845,575

SUMMARY OF FISCAL IMPACTS

	City of Cleveland	Cuyahoga County	State of Ohio	Cleveland Municipal School District	RTA	Others: Metroparks, Library, Tri-C, Port Authority	Total Fiscal Impacts
Revenues: Net Present Value, 30 years	\$ 8,590,951	\$ 7,168,746	\$ 31,096,211	\$ 2,342,400	\$ 3,605,484	\$ 514,123	\$ 53,317,914
Revenues: Stable Year (Year 8)	\$ 419,584	\$ 316,605	\$ 1,583,840	\$ 109,922	\$ 189,000	\$ 24,159	\$ 2,643,110
Costs: Net Present Value, 30 years	\$ 3,001,195	\$ 3,252,383	\$ 2,242,596	--	--	--	\$ 8,496,174
Costs: Stable Year (Year 8)	\$ -	\$ -	\$ 90,677	--	--	--	\$ 90,677
Net Benefit (Net Present Value)	\$ 5,589,756	\$ 3,916,363	\$ 28,853,615	\$ 2,342,400	\$ 3,605,484	\$ 514,123	\$ 44,821,740
Benefit/Cost Ratio (Net Present Value)	2.86	2.20	13.87				



2.0 INTRODUCTION

2.1 STUDY AREA AND PROJECT DESCRIPTION

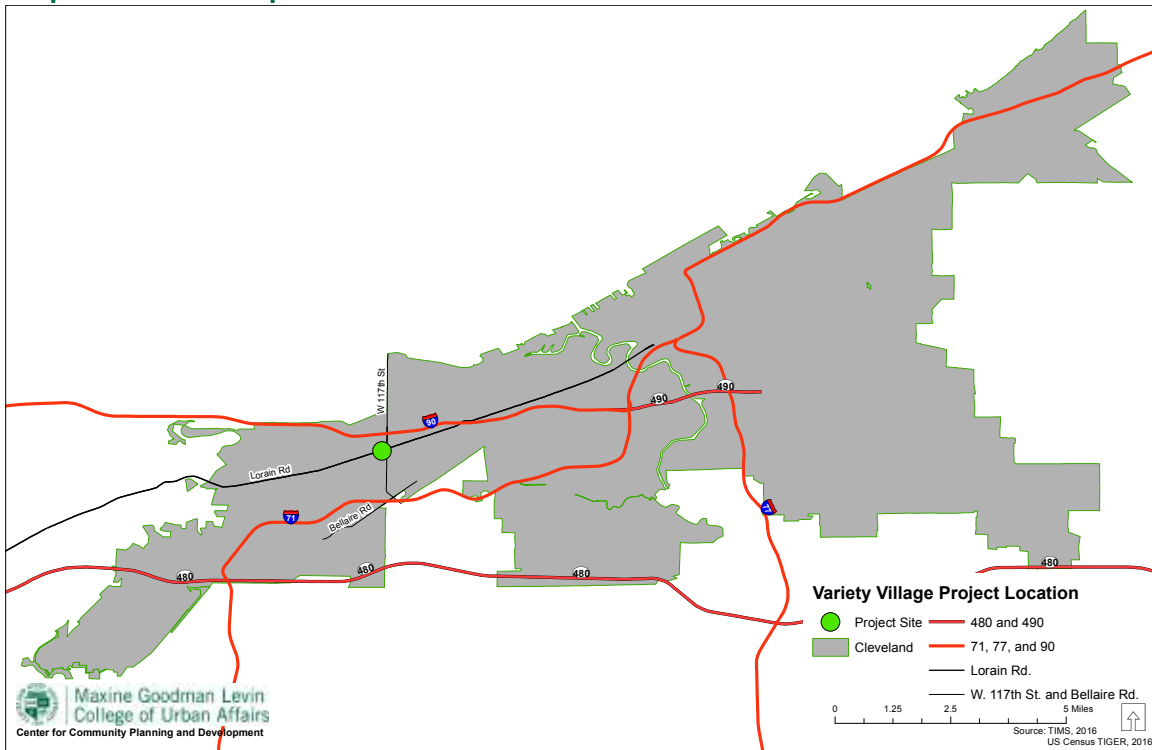
The Center for Community Planning and Development at Cleveland State University was charged with providing an update retail market analysis for the Variety Village market area, and then projecting related economic and fiscal impacts on the Cleveland, Cuyahoga County, and State economies and governments.

The core location of the study and the Variety Village District is the historic Variety Theatre Complex, located at 11817 Lorain Avenue in Cleveland. It is located just west of the intersection of Lorain Avenue and West 117th Street, which connects directly to the onramp of I-90 going east into Cleveland. Just north of the freeway along West 117th is a major chain regional retail shopping area including a Giant Eagle, Target, and other stores and fast-food restaurants. In addition, to the east of the site, along Lorain Avenue at West 106th Street, is a smaller neighborhood shopping center known as Westown Square, containing a Save-A-Lot, Shoppers World, smaller shops and medical services. Also along Lorain Avenue and south on West 117th, within the immediate area, are several central American, Mexican and Asian restaurants, middle eastern groceries, family dental offices, legal services, a fabric store and bike shops serving regional clientele, and cafes and convenience stores, among other uses. There is a fair amount of vacancy on the street, which is available for retail expansion surrounding the Variety Village catalytic area.

The planned adaptive reuse for the Variety Theatre Complex will be known as Variety Village, to include a restaurant and entertainment venue (with full restoration and stabilization of the interior detail), storefront retail shops, a second story balcony movie theater, and renovated apartments above. Cleveland restaurateur Tony George of the George Group, owners of well-known locations including the Harry Buffalo chain, Townhall and Barley House, will build out the theatre and manage it as a restaurant and entertainment venue. The development of the second floor balcony theatre is under pre-development analysis to determine costs of development, management structure and programming as a family cinema. An associated new facility conveniently located right across the street will provide 75 parking spaces. The Variety Village Complex project will serve as an anchor and catalyst for revitalization along Lorain Avenue to the east and west, expanding the concept to become the Variety Village District.

Parcels to be assembled for the proposed parking lot on the north side of Lorain Avenue, across from the Variety Theatre Complex, are shown in Map 4. This parking lot will be constructed, owned and operated by Westown Development Corporation and the City of Cleveland as a public parking lot. It is included in the analysis because the new uses planned for the redevelopment would not be supported without it; however it is not separated out as a standalone use in cost summaries or economic impact.

Map 1 Location Map



Map 2 Study Area Map



Cuyahoga County GIS

2.2 PREVIOUS PLANS

We reviewed extensive material related to the Variety Theatre Complex, the Lorain Avenue retail district, and environs. The following studies were reviewed in general for background information:

- *Westown/Lorain Avenue Retail Market Analysis*, Robert Simons Associates, 1996
- *Lorain Avenue Master Plan*, City of Cleveland, Westown CDC, Longwell Law Firm, LB and Associates, Arkinetics, Spring 2008
- *Variety Village Streetscape Plan*, City Architecture, City of Cleveland, NOACA, 2011-2012
- *Commercial Retail Market Analysis, Variety Village*, Vogt Santer Insights, August 2013
- *Neighborhood Impact Statement, Variety Village District and Variety Theatre Project*, Westown Community Development Corporation and John Zayak, August 2017
- *Gordon Square Arts District Economic Analysis Report*, Team NEO and Weber Murphy Fox, October 2006

The following analyses and data were reviewed in detail, and were relied on for critical inputs to the economic and fiscal impact analyses:

- *Housing Market Feasibility Analysis, Variety Village*, Vogt Santer Insights, August 2013. This study demonstrated the demand for the ten apartments planned for the second floor of the Variety Theatre Complex, and indicated likely rents and absorption.
- *Variety Theatre Design Package*, Marous Brothers Construction, January 2017. This study established the projected costs and parameters for the Variety Theatre Complex and parking lot construction.
- *Variety Village Parking Demand Study*, Westown CDC, June 2017. This study demonstrated the demand for the parking lot to be provided by the City and Westown CDC in support of the Variety Village Complex project.

Additional materials were provided by Westown Community Development Corporation and Detroit Shoreway Community Development Organization, the George Group, and industrial employers and real estate interviews, in support of the economic and fiscal analysis of this study. Detailed data relied upon included restaurant operations assumptions, proposed financing structure, project descriptive data, and expected timeline and project phasing.

2.3 BACKGROUND AND HISTORY

Historic uses. We reviewed historical Sanborn maps for the Variety Village District, which showed that the area was primarily residential, dating back to 1920; by 1937 most Lorain Avenue residences had been replaced with brick commercial structures, and the Children's Home was in place. The Variety Theatre itself was constructed in 1927. Lorain Avenue was not

historically a manufacturing or industrial area. However it was a commercial strip with gas stations and other commercial buildings.

Environmental Concerns. We found no evidence of storage tanks, brownfields or other environmental concerns on the subject property.

Zoning and Design Review. Zoning and design review areas are shown on Maps 5 and 6. Local Retail (LR) and General Retail (GR) districts generally run the length of Lorain Avenue, with Residence Office (RO) in one place along Lorain, and two others south on West 117th. Westown Square is designated a Shopping Center district (SC) and there is a small Semi-Industry district (SI) in blue behind the northwest corner of the intersection of Lorain Avenue and West 117th. The remainder of the parcels behind the frontage parcels are designated either One-Family (1F) or Two-Family (2F).

General Retail allows a wide variety of uses serving the consumer, including regional-attracting businesses such as department stores; Local Retail has a more limited set of permitted uses which are focused on the needs of immediate neighborhood residents. A pedestrian retail overlay district (PRO, shown in red on the maps) runs along Lorain Avenue from about West 110th to West 123rd street. An Urban Form Overlay district (shown in green on the maps) continues from West 123rd past the west end of the study area. The Pedestrian Retail Overlay and Urban Form Overlay districts prioritize pedestrian experience with restrictions on driveways crossing the sidewalk, drive-through business windows, building wall setbacks from the sidewalk, and uses such as open sales lots, gas stations and auto service yards. The Urban Form Overlay further prioritizes street frontage building elements and design. The amount of parking required by retail businesses is reduced. The entire length of Lorain in the study area is within a Design Review district and is therefore subject to design review.

The Residence-Office district seen along West 117th is a residential district which accommodates compatible apartment buildings and administrative office buildings that are similar in scale.

Floor area coverage is generally “B” and “C”, which both require a maximum of ½ lot area coverage. In one or two places “K” (6 times lot area) and “G” (3 times lot area) regulations are in place. Height limits are generally “2” (60 feet) with one or two places on West 117th at “1” (36 feet).

See the Cleveland Planning Commission zoning web page for more information.

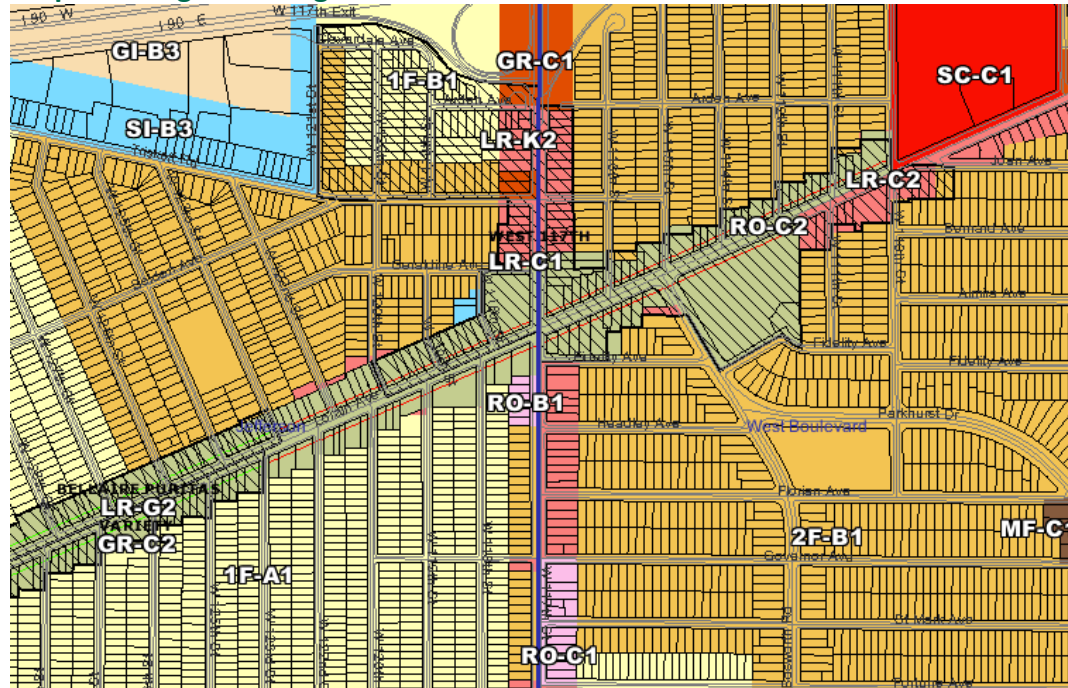
<http://planning.city.cleveland.oh.us/zoning/index.php>

Landmarks. The length of Lorain Avenue from West 111th to West 123rd is a City of Cleveland Landmark District, with individual landmarks including the Variety Theatre (11801-25 Lorain Avenue), Guardian Trust Bank Building (11718-26 Lorain Ave), Mt Calvary Lutheran Church and School (12800-26 Lorain Avenue), Lorain Variety, Cleveland Christian Home for Children (11401








Lorain Avenue), and the Lorain Medical Building (11420 Lorain Avenue). Both the Landmark District and individual Landmark designations are subject to Landmarks Commission review. See Maps 5 and 6 and the Cleveland Landmark Commission for more information.

<http://planning.city.cleveland.oh.us/landmark/cpc.html>

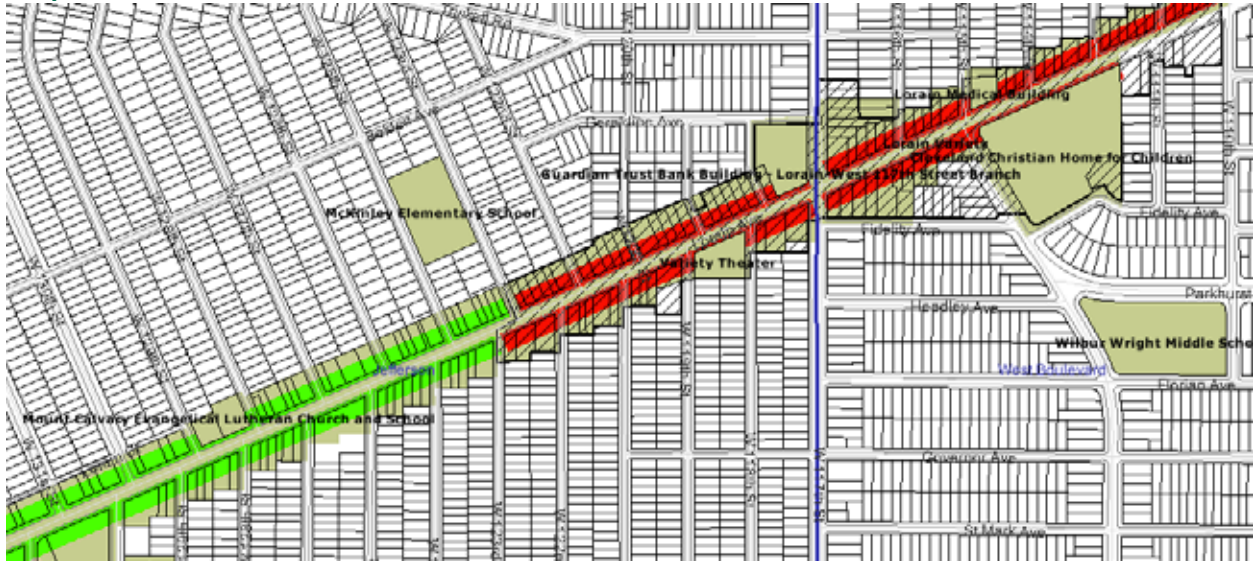
Map 5 Zoning and Design Review



Source: City of Cleveland GIS

-  Design Review Districts
-  PRO Street Frontage
-  PRO Special Sign Provision
-  Urban Frontage Line
-  Overlay Districts
-  Individual Local Landmarks
-  Local Landmark District

Map 6 Landmarks and Landmark Districts



Source: City of Cleveland GIS

3.0 METHODOLOGY AND RATIONALE

3.1 INTRODUCTION

This project involved an economic and fiscal analysis of the potential impacts of redevelopment of the Variety Village district on its surrounding neighborhood, the City of Cleveland, Cuyahoga County, and the State of Ohio. A founding premise of the analysis is that individual development projects in urban neighborhoods have an impact that goes far beyond the boundaries of the development site. Major development projects such as the Variety Theatre restoration create a sense of activity and safety while attracting more visitors to the area. The investment spurs interest among entrepreneurs to renovate and invigorate nearby retail, and local businesses are attracted to move, expand and invest in their enterprises in proximity to nearby revitalizing retail districts. Property values within walkable neighborhoods are shown to increase in response to development investment within walking distance, further attracting new investment, and enhancing the tax base even further.

Such an effect has been demonstrated in Cleveland's Detroit Shoreway neighborhood, where investment in the Capitol Theater and its surrounding entertainment and retail venues has been returned many times as the district has revitalized. It is now a thriving, still growing,

neighborhood which has spurred renewed interest among residents, homebuyers, entrepreneurs, and employment businesses alike.

This section will discuss the literature and rationale in projecting potential economic and fiscal impacts of the Variety Village Complex and its surrounding retail district. We begin with an overview of the overall methodology and summary of assumptions driving it. We then go into detail on the rationale behind those assumptions, addressing the capacity for retail on Lorain Avenue; the strength of the market for dining outside the home; the role of local retail amenities and walkability in the industrial location decision, and in property value appreciation; and the possibilities for theatre renovation as evidenced by example projects throughout the state of Ohio. Finally, we conclude with the major findings that lead directly to the analysis in subsequent chapters.

3.2 OVERALL METHODOLOGY

The study outlines the economic and fiscal impacts of the redevelopment of the Variety Village District, comprised of the Variety Theatre, a new public parking lot, 40,000 square feet of new retail along Lorain Avenue, and at least three local industries which are moving to, or expanding their enterprise in, the immediate Westown neighborhood. Key assumptions in the methodology include:

- 1) Retail capacity exists for 40,000 square feet of dining and consumer goods and services, beyond the 11,000 square feet of the proposed Variety Theatre restaurant
- 2) Dining outside the home is a continuing growing trend and source of demand for residents and workers alike; lunch dining in particular, and some evening dining, is highly in demand by workers and daytime population
- 3) About 10% of the local industry location decision can be attributed to the amenities and proximity of a vibrant walkable district
- 4) Property values for parcels within ¼ mile walking distance of a major redevelopment effort will rise by 3% per year by the stable year; property values on properties immediately adjacent to the Variety Theatre Complex will drop by 5% per year by the stable year
- 5) Renovation of historic theatres is a well-established activity which has demonstrated success and return on investment in a wide range of reuse projects in Ohio

Based on conversations with the businesses and investors involved, the overall time frame assumes an eight-year ramp up to 2027, after an initial 1 to 2 years of construction, with the stable year occurring at year 8.

The remainder of this section outlines the rationale for each of these assumptions. Additional more detailed assumptions are documented in the main body of the report.

An outline of the methodology used in projecting economic and fiscal impacts, incorporating the above assumptions, is as follows:

- Project salaries, annual sales, and cost of goods and alcohol were calculated using data from the George Group, Marous Brothers Construction, US Annual Census of Retail Trade, County Business Patterns, and Bureau of Labor Statistics.
- Catalytic industrial impacts were calculated based on interviews with two local firms and one real estate informant who are planning industrial expansion within the immediate neighborhood; US Bureau of Labor Statistics, and peer-reviewed academic sources.
- Catalytic retail impacts were based on retail market analysis, and available space on Lorain Avenue.
- Economic impacts were calculated using RIMS II multipliers obtained from the US Bureau of Economic Analysis.
- Fiscal impacts were based on the projected economic impacts, along with grant and loan data from Detroit Shoreway Community Development Corporation, tax data from the Ohio Department of Taxation, City of Cleveland, Cuyahoga County Auditor, academic sources, and GIS map analysis.
- Fiscal impacts were inflated or discounted, as applicable, over thirty years using the 30-year consumer price index from the Bureau of Labor Statistics.

3.3 CAPACITY FOR RETAIL ON LORAIN AVENUE

As part of this study, a retail market analysis was completed for Lorain Avenue and its environs. Inputs to the analysis included demand characteristics of the local residential neighborhood served by the district, as defined in the Primary Market Area map below; an inventory of restaurants within a 5-minute drive of the three industrial properties contacted through interviews (see below); and an assessment of the daytime worker population employed within a 5-minute drive of the Variety Village core at the Variety Theatre. Key findings of the analysis include:

- There is capacity for 60,000 square feet of retail and dining activity on Lorain Avenue. As a conservative estimate, we chose to use 40,000, plus 11,000 square foot Variety Theatre Complex restaurant proposed.
- The total 51,000 square foot amount includes 29,000 square feet of dining, including the proposed Variety Theatre Complex restaurant. The need for dining beyond the existing supply is supported by interviews with local business owners, as well as analysis of resident and worker dining habits, as shown later in this section.
- Additional capacity is also noted in hardware, home/garden/hardware, grocery, convenience, beer/wine/liquor, and toy/craft/hobby stores.
- Supply is readily available in multiple vacant buildings suitable for redevelopment along Lorain Avenue.

A more detailed discussion of the retail market analysis, definition of primary market area, resident and worker demand, retail and vacant space supply, and niche markets with capacity, is included in the retail market analysis section of this report.

3.4 ROLE OF VIBRANCY AND FOOD-RELATED ACTIVITY IN NEIGHBORHOOD REVITALIZATION

Strength of Dining Demand

Food is a very hot growth area in the retail sector. ICSC (International Council of Shopping Centers) in a recent retail visioning report (Envision 2020) looks at longer term trends. These include declining sales at purely brick-and-mortar stores, and larger on-line presence for those same stores. Of course, everyone is aware that pure on-line retailers are quickly grabbing market share, with an eye toward timely fulfillment of customer orders. Thus, the importance of traditional department store anchor tenants, is being de-emphasized. One emerging trend is the importance of food and entertainment as a hub, and as a potential replacement anchor. As customers seek more authentic experiences, cultural and culinary hubs (p12), the importance of live-work (p18), and food, especially restaurants, is growing quickly (p21). Hence, the idea that a quality restaurant with entertainment focus (such as the proposed Harry Buffalo theme) can catalyze an area is well founded, and is thus part of a growing retail trend.

One form that this may take is a metamorphosis of the familiar food court. Eataly (as in Italian Eatery) is one form of a food-anchored catalytic project that has been spreading from Europe to the US and other places over the past ten years. It combines elements of a European-style food center of 30,000-50,000 square feet with various restaurants, a supermarket, specialty food and cultural and educational features (<https://en.wikipedia.org/wiki/Eataly>). It is not assured that this concept would emerge in Westtown Variety Village, but it illustrates the potential for the project to catalyze a food-related node or strip, largely to serve the substantial day time employment base.

Demand for food in the work environment

We are aware of three recent surveys in Cleveland for lunch and dinner emanating from work (a work based shop trip). These studies include: Cleveland State University Master Plan Update in 2014, and the Cuyahoga County and Geauga County office building projects in the mid 2000s. The survey results area abstracted below, and brought to bear on the current research problem.

As part of the CSU Master Plan (2014), we surveyed about 1,300 students and 350 faculty/staff on the frequency of dining off-campus and average ticket price. CSU already has over a dozen on campus food options, plus a meal plan, so off campus frequency is expected to be much lower than for the Westtown area (especially for students), but ticket prices should be comparable. Students dined off-campus (eat-in and take-out combined) about once a week, with an average ticket price of \$7 and dinner ticket of \$11. Faculty/staff dined off-campus

(including take-out) 0.9 times a week, and spent \$11 for lunch and \$18 for dinner. (\$11 in 2014 is \$11.41 in 2017). When on-campus purchased food is also considered, CSU faculty/staff dined 1.4 times a week at a restaurant.

In 2007, CSU was engaged by Geauga County to conduct research about relocating their office facility. About 270 County employees were surveyed about shopping during lunch, and before and after work. This is primarily a small town environment, with little available within walking distance. All told, those employees reported 1.8 restaurant visits a week. The average ticket price was \$6.79 (\$8.04 in 2017 dollars). Some of these employees worked in a “shop” with a similar time-punch format as a factory environment.

In 2004, Simons was engaged on a team to determine the best location for a new Cuyahoga County office facility. About 340 County employees were surveyed about shopping during lunch, and before and after work. This is a mix of mostly urban and a few suburban work environments, where some restaurants are available within walking distance. All told, those employees reported 2.1 restaurant visits a week. The average ticket price was \$7.34 (\$9.54 in 2017 dollars). 60% of the lunch food trips were within about 5 minutes of work, and 85% were within 8 minutes (one way). They also had a light snack of about \$3 on the way to work 0.7 times a week.¹

In sum, based on our expertise and the results of these 2,300 surveys of various market participants, we apply these surveys to the current Westown daytime work environment. Thus, we assume that daytime employees take 2 lunch work-based-shop trips per week, at an average ticket price of \$9.50. We also assume 0.4 dinner trips per week, at a ticket price of \$16. Restaurants within a 5 minute drive are most competitive².

Impact of local eateries, and walkability on the industrial location decision

Decisions by company leaders to locate in a specific location are largely driven by economics, site location relative to factor inputs and truck routes, and for some firms, access to end-user markets. However, there is a growing body of empirical research in the peer-reviewed literature that addresses the effects of nearby street life, especially food-related, on non-residential property values, rents, and business location outcomes. This is sometimes termed as Vibrancy.

The Variety Theater/Village project has the potential to be catalytic, and as will be shown below, the Harry Buffalo concept is attractive to both lunch and dinner markets, and its experiential entertainment theme is right in the vanguard of emerging retail trends. It has

¹ Sources: CSU Master Plan Update 2014. Cuyahoga County Office Building Report and Presentation, 2005, and Geauga County Office Building Relocation Report and Presentation, 2007. Robert Simons was lead researcher in all 3 studies.

² These prices are consistent with those quoted by Tony George in our data gathering interview with him in September, 2017.

substantial potential to catalyze nearby food and related retail, and in doing so, reduce vacancy, increase walkable street traffic and minimize perceived safety concerns. Is it intuitive that a catalytic project could transform the market area and make it more attractive to potential employers, and thus rightfully claim a “share” of the industrial location decision, and associated economic and fiscal impacts. We will demonstrate below that a 10% share is reasonable.

Empirical connections between walkability and employment growth and location

Moving on to empirical findings connecting food/services/vibrancy and employment location economics, Malizia and Motoyama (2015) address the role of economic and social factors, and the built environment associated with all types of job growth locations at the census tract level. Since this economic growth is a revealed-preference (that is backward looking), it can act as a proxy for firm location decisions. They studied metro Washington, D.C, in a variety of venues, including CBD, midtown, infill, transit oriented development, and suburban locations. They used a broad measure of local vibrancy, (including density, diversity of employment and entertainment already there, street density and access to transit), many of which are present in the larger daytime Westown market with its dense urban fabric. They found that (see Table 4), in aggregate, these Vibrancy measures accounted for 18% of the location decisions among fast-growth employers in the DC area over the study period. Thus, this provides evidence that employers favor walkable areas.

Malizia and Motoyama (2017) in a conference presentation extended this work to 30 metro areas, with a closer look at subcomponents of their vibrancy measure, including a form of walk score and walkable urban design. They conclude that vibrancy indeed attracts high growth firms, and their associated economic development benefits, and that those employment vibrant areas perform better across all 30 metro areas and in outlying parts of these metro areas, (e.g., outside the CBD).

In a related peer-reviewed article, Malizia and Song (2015, Table 6) looked at the effect of various variables (including manufacturing employment, job growth, and region) on downtown office rents and investment risk (proxied by the cap rate) among 69 metro areas, including Cleveland. They found that their Vibrancy proxy variable (live work play) for a lively environment near work increased office rents by 15%, and lowered investment risk by ¼ point, holding all else constant. Note that this is a narrower definition of Vibrancy than in the previous article, and it appears to have a somewhat smaller effect on outcomes.

Robinson, Simons and Lee (forthcoming) also looked at the effects of various building and economic factors on office rents in 2,200 leases in 19 metro areas (Cleveland was not included). They had a variable in the model called walkability (exclusive of transit access), which was set forth and popularized by Pivo and Fischer (2010). This variable had a consistent and significant relationship to higher office rents on the order of 4-5%, (see Exhibits 6 and 7) holding all else constant. This is purely rent effects, and does not consider effects on value or investment

decisions, and most of the observations were in purely walkable CBD markets. It is also a still more narrow definition of Vibrancy, addressing only food and services, but it pertains to office, not industrial rents, and not to location outcomes.

As part of this project, interviews were conducted with four sources knowledgeable about industry location, particularly in the immediate Westown neighborhood. TJ Asher, of Weston Commercial Real Estate Inc., was interviewed about motivations of companies considering moving to the newly redeveloped former Midland Steel site on Madison Avenue. He stated that the safety and amenities of nearby retail business districts can account for up to 25% of the decision involved in moving to a neighborhood. David O'Neill, Executive Managing Director of Hanna Commercial Real Estate, stated that nearby amenities are one of the five most important site location decision influencers, along with workforce availability, freeway access, clean site free of environmental concerns, and entitlements such as abatements and zoning. Interviews with two executives of nearby companies which are planning substantial expansions at their Westown neighborhood locations agreed that more good places for employees to get lunch and dinner would be very desirable and is important – and that the safety that comes with a redeveloped street is also very important for worker perception of their business's site and location.³

To summarize, there is a clear connection in the peer reviewed literature that daytime services and food-related businesses are positively associated with business location outcomes, and with higher commercial rents and lower investment risk (hence, higher asset values). Food is a well-recognized and growing “hot” retail sector, and the Variety Village project is well positioned to catalyze the area. The peer reviewed literature shows between 4-18% of the commercial value and location outcomes are attributable to some form of Vibrancy. We therefore, conservatively assign 10% of the upside potential for new industrial projects in the immediate service areas (i.e., new development at the former Midland Steel site) to the project.

3.5 LOCAL PROPERTY IMPACTS OF VARIETY VILLAGE

When the Variety Village project is completed, it is expected to have a modest positive effect on nearby residential property due to increased convenience of services within a walkable zone. In addition, some properties proximate to the theater complex may experience slight nuisance discounts because of the activity. Removing blight and vacant buildings is intuitively positive for property values. Some pertinent literature follows.

For housing, DeSalvo (1974) found a net 5% increase in property values in New York City for neighborhoods that were upgraded with residential investment. Simons Quercia and Maric

³ Interview with David O'Neill, October 17, 2017; interview with TJ Asher, October 11, 2017; additional interviews the week of October 11, 2017

(1998) and Ding, Simons and Baku (2000) studied Cleveland house prices and concluded that modest increases were evident after residential investment, and that these effects reached out over several hundred feet.

Moving to mixed use projects, Weber et al (2007) studied residential values near TIF projects in Chicago, where he found that mixed use developments generated modest price increases.

With respect to negative externalities, Simons and el Jaouhari (2004) studied train tracks and their influence of residential property values in Cleveland. In general, modest negative effects of lower single digits were found to extend out to 500 feet. Effects of train stations exhibited a modest negative effect adjacent to the station, with a positive walk ability premium in single digits extending out up to ¼ mile.

Newell, (2010) studied the effects of commercial revitalization on the tax value of surrounding residential property in 2008 in Durham, NC. He found slight disamenity effects for nearby homes, and no sustained positive property effects for other homes in the study area. The study had some methodology issues surrounding sample size, date of the research, and unit of analysis (assessed value as opposed to market value) which make it potentially incompatible with the current study, but the take-away is that caution must be used.

To summarize, we apply a nuisance discount of 5% to residential property adjacent to the Variety Theater site. We also apply a 3% walkability premium to residential properties within ¼ mile of the site.

3.6 SUCCESS AND USES OF THEATER RENOVATIONS

The CSU team investigated redevelopment of theaters primarily in Ohio, but also those readily available on the web. This was not an exhaustive list, but mainly to determine models, relative outcomes and end uses, and provide some guidance on financing. The complete spreadsheet is available in the Appendix.

The Table below, sorted by community, includes selected data on 29 theater rehab projects in Ohio. Topics covered, on a best efforts basis, include address, web site, year built, and some indication of outcomes and financing options.

Popular outcomes included restaurant/food (8 outcomes -28%, of which 5 were restaurants or clubs) community public use (24%), and theater performance venue (20%). Less common uses were religious institutions, fraternal club, and service business. Several of the projects had not yet sorted out their end use, and some had businesses open, then closed.

To summarize, the idea of adaptive reuse of the Variety Theatre Complex as a mixed-use venue housing a restaurant, apartments, and storefront retail, has strong precedents in other projects

around Ohio. Pending appropriate financing, we assumed in this analysis that the redevelopment project will be a success and will go forward as intended by the project planners.

Table 1 Summary of Theater Adaptive Reuse Projects in Ohio

See the full table in the Appendix for more information.

Name	City	Address	Year Built	New Use
Arcade Theatre	Akron, OH	1147 S Old Main St	1913	Mosque
Shea's Theater	Ashtabula, OH	4632 Main Ave	1949	Renovation in Progress
Athena Cinema	Athens, OH	20 S Court Street	1915	Classic Films
Holland Theatre	Bellefontaine, OH	127 E Columbus Ave,	1931	Theater
Pastime Theater	Berea, OH	70 Front Street	1914	Bakery
Cla-Zel Theatre	Bowling Green, OH	127 N Main St	1926	Night Club
Scottish Rite Auditorium	Cambridge, OH	935/941 Wheeling Ave	1937	Fraternal Hall
Newsreel Theatre	Cincinnati, OH	1301 Western Ave	1933	Small Theater, part of Museum
20th Century Theater	Cincinnati, OH	3021 Madison Rd	1941	Special Events
Bond Theater	Cincinnati, OH	4906 Reading Rd	1941	Synagogue
Woodward Theater	Cincinnati, OH	1404 Main St	1908	Theater
Rialto theater	Cleveland, OH	W 25th Street	1919	Ice Cream Production and Retail Café and Theater
Main Street Theater	Columbiana, OH	5 N Main St	1952	Theater
Garden Theater	Columbus, OH	Short North Stage	1920	Theater

Name	City	Address	Year Built	New Use
King Arts Complex	Columbus, OH	867 Mount Vernon Ave	1925	Arts Center
Falls Theater	Cuyahoga Falls, OH		1925	Micro-brewery and restaurant, apartments
Historic Gaslight Theater	Georgetown, OH	301 S Main St	1907	Cultural Center
Lyric Theatre	Greenfield, OH	140 S Washington St	1926	Veterinary Clinic
Renaissance Theatre	Mansfield, OH	138 Park Ave W.	1927	Performance Center
Mayland Theater	Mayfield Heights, OH	Mayfield Road	1948	Sports Bar, Arcade, Eatery
Sorg Opera House	Middletown, OH	55 Main Street	1891	Performance Space
Apollo Theater	Oberlin, OH	19 East College Street Oberlin	1913	Movie Theater and workshop Space
Beach Cliff Theater	Rocky River, OH	19300 Detroit Rd.	1937	Restaurants/Taverns
Tecumseh Theater	Shawnee, OH	114-116 West Main Street	1907	Public Assembly Space
Grand Theatre	Steubenville, OH	121 S 4th Street	1902	Theater
Mayflower theater	Troy, OH	9 W Main St	1927	Arts Center and Gallery
State Theater	Westerville, OH	8 N. State Street	1924	Restaurant now closed
Belmont Theater	Youngstown, OH	1745 Belmont Ave	1948	Storage
Powers Auditorium	Youngstown, OH	260 Federal Plaza West	1931	Performance Venue

4.0 LOCAL RETAIL MARKET ANALYSIS

4.1 INTRODUCTION

An overview of best uses for the Variety Theatre Complex site sets the stage for a full analysis of the market demand and available supply within the Variety Village District. These led to a retail market niche analysis which evaluates the demand gap for fifty categories of retail goods and services typically provided in urban neighborhoods.

4.2 HIGHEST AND BEST USE ANALYSIS

A brief highest and best use analysis was completed to fully understand the potential uses for the Variety Theatre Complex site. See Table 2. Judgment criteria for a set of specific characteristics were assigned to each potential use. Potential uses included full service restaurant, convenience, specialty retail, bar/restaurant, offices, rental housing, condominiums/townhomes, single family homes, inn/bed and breakfast, and park or community center. In general, judgment criteria ranged from -2 to 2, with -2 incompatible or poor characteristics; 0 as neutral; 2 as highly compatible or excellent characteristics for suitability. See the Appendix for a full detailed list of judgment criteria.

The uses rated highest included specialty retail, bar or restaurant, inn or B&B, and movie theater. Second highest uses included offices, park/community center, rental housing, convenience store. Uses rated as the most incompatible included single family homes, and townhomes/condos.

Table 2 Highest and Best Use Analysis Ratings

Site Attributes	Convenience Retail	Specialty Retail	Bar/Restaurant	Offices	Rental Housing	Condos / Townhomes	Single Family Homes	Inn or B&B	Movie Theater	Public Park/Community Center
1. Visibility/Views Compatibility	2	2	2	2	1	0	-1	2	0	2
2. Auto Traffic Count Compatibility	1	1	1	1	0	-1	-1	1	1	1
3. Truck/Freight Traffic Count Compatibility	0	0	0	0	0	-1	-1	0	0	0
3. Pedestrian Traffic Count	0	0	0	0	0	0	0	0	0	0
4. Adequate Parking	2	2	2	2	0	0	-1	-1	2	2
5. Pedestrian Access	2	2	2	2	2	2	2	2	2	2
6. Bike Access	1	1	1	1	1	1	1	1	1	1
6. Highway Access	0	2	2	2	2	2	2	2	2	2
7. Public transit access	2	2	2	2	2	2	2	2	2	2
9. Noise level compatibility with use	0	0	0	-1	-1	-1	-1	-1	0	0
10. Resident demand	2	2	2	2	2	0	-1	0	2	2
11. Infrastructure	2	2	2	2	2	2	2	2	2	2
12. Zoning	2	2	2	2	2	2	-2	2	2	2
13. Parcel Condition	2	2	2	2	2	0	-2	2	2	2
14. Size and shape of parcel	2	2	2	2	2	0	-2	2	2	2
15. Compatibility of structure	2	2	2	2	2	0	-2	2	2	2
16. Future expansion	0	0	0	0	0	0	0	0	0	0
17. Competition	-2	2	2	2	2	2	-2	2	1	0
18. Complementary uses	2	2	2	1	2	0	-1	2	2	1
19. Market window	0	2	2	0	2	0	-2	2	0	0
20. Value of land	1	1	1	1	1	1	-2	1	1	0
21. Tax base and revenue	1	1	1	2	0	1	1	2	1	0
Totals	24	32	32	29	26	12	-11	27	27	25

4.3 OVERALL ECONOMIC AND MARKET CONTEXT

The overall economic and market context for the redevelopment of the Variety Village District was reviewed using two sources, the Market Cycle Monitor published by Glenn Mueller of the University of Denver; and CoStar, a national real estate data firm publishing local and regional market assessment information.

National Market Cycle position

We first reviewed the the Market Cycle Monitor for 2ndQuarter 2017 – Retail Market (Restaurant is included in retail); and projections for 2nd Quarter 2018. See Appendix 9.2 for charts. Forecasts and analyses are US national, and include the Cleveland submarket.

The Cleveland submarket is noted as in early expansion, expected to go to mid-expansion by 2nd quarter of 2018. The retail market demonstrates growth potential over the next couple of years, especially in restaurant, tavern, brewery, and entertainment due to the expanding millennial market. Rents are still increasing.

Overview of the Cleveland Metro Market

A market overview for the Cleveland metro area is summarized from CoStar 2017 reports and 2018 projections.

Cleveland is seen as a “hot market” for 2017 with steady growth in millennial and baby boomer population driving growth in apartment and retail markets. Attraction of millennials from the coasts and high-cost markets that began after the Republican National Convention of 2016 is expected to continue due to the affordable cost of living and increasing amenities in the City. Suburban submarkets will however remain stagnant, with most of the growth going into the City itself. Job growth is expected to continue to grow with potential for biomedical and technology industries. Continued structural problems with low median household income, and aging and shrinking of the overall population, are acknowledged. After the long expansion post-recession of 2009-2010, another recession is forecast as we head toward 2021.

Retail growth in the region is shifting from malls to regional and neighborhood centers. Rents and vacancy remain stable at \$13/SF and 6.5% respectively across the region, with strongly better figures in the central business district (rents up to \$25/SF, and vacancy is lower). Between continued growth of e-commerce, continued slow population shrinkage, and ongoing structural issues with low median household income, retail is expected to be stagnant for the coming months. However, several optimistic points are made in CoStar’s analysis: the majority of households will continue to shop for groceries and many other goods in person; and the millennial market is driving continued expansion of experience-type retail and services including restaurants, bars, recreation, and entertainment.

Within the Cleveland market, a projected significant drop in retail absorption from 1.2 million square feet in 2016 to a net loss in 2017 is attributed to a decline in mall tenancy. This is expected to stabilize going forward with most retail locating in neighborhood and district centers. Retail absorption is anticipated to average between 500,000 square feet and 900,000 square feet per year between 2018 and 2022.

4.4 MARKET DEMAND

There are two primary markets served by the immediate Variety Village District. The first, residents living in the neighborhood, are defined via a Primary Market Area Boundary. See map 7. The second, daytime and nighttime workers employed in the vicinity, but living elsewhere, are discussed using US Census Longitudinal Household-Employer Dynamics (LEHD) data. A third market, outside visitors who are attracted to the neighborhood for a variety of amenities provided at Halloran Park and at local specialty restaurants and ethnic groceries and services, are also discussed. All three market demand assessments were informed by neighborhood and employer surveys collected during the summer of 2017.

The primary competitors that form the primary market area boundary forces include retail establishments at West 117th to the north; Fairwood to the West; Brookpark/Tiedemann and Ridge Park Square to the south; and Dave's Mercado on Ridge Road to the east. See Table 3.

See Table 4 for resident and worker demographics. Of particular note is that there are 32,600 daytime workers within a 5-minute drive of the Variety Village Core, and 54,000 within 3 miles.

Map 7 Variety Village Residents Primary Market Area

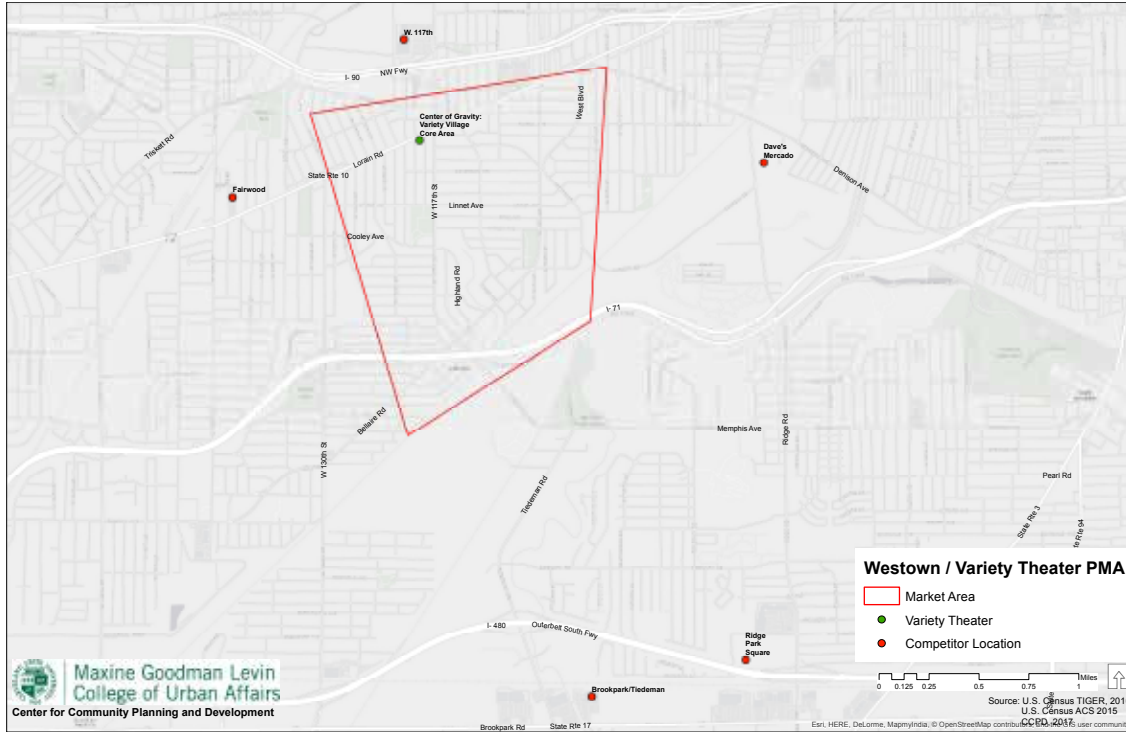


Table 3 Variety Village Core and Competitors

Store Name	Center of Gravity Address	Estimated Square Feet Total	Reference Locn
Center of Gravity: Variety Village Core Area	11817 Lorain Avenue	224,464	Variety Theatre
Competitors:			
W. 117th	3100 W 117th St	394,611	Target
Fairwood	13820 Lorain Ave	233,176	Giant Eagle
Brookpark/Tiedeman	10000 Brookpark Rd	616,165	Walmart
Dave's Mercado	3565 Ridge Rd	180,366	Dave's
Ridge Park Square	7359 Northcliff Ave	516,380	Marc's

Source: CCPD, Google Earth

Table 4 Primary Market Area Demographics

	PMA	City of Cleveland	Cuyahoga County
Population	15,854		
Number of Households	7,510		
Weighted average household income	\$ 41,569	\$ 39,092	\$ 64,869
Total PMA income	\$321,890,242		
% of families below poverty level	25%	31.4%	14.5%
HH w/o vehicle	14.7%	25.5%	13.8%
HH w/children under 18	27.6%	27.8%	27.1%
HH w/Seniors 60 and over	23.0%	33.0%	38.3%
Number of daytime workers within 1 mile	5,828		
Number of daytime workers within 3 miles	54,046		
<i>Source: ACS 2010-2015 5-year estimates</i>			

Because of the importance of dining in the project proposal, and in the potential catalytic expansion of the Variety Village District, a separate analysis was done to understand the demand for restaurants within 5 minutes’ drive of the Variety Village core. Its results corroborate the findings of the overall niche analysis. As shown in Table 5, this demand is quite strong, with a resident population of 115,000, and a daytime population of 32,800, within the 5- minute drive zone. Together, these households and workers can support in the range of 80 restaurants, about 60% limited service and 40% full service restaurants. Current inventory in this area is at about 64 restaurants, demonstrating that capacity exists.

Table 5 Demand for Restaurant Meals Within 5-minute Drive of Variety Theatre Complex

Description	Amount
Total Population	115,358
Total Households	56,549
Mean Household Income, 2015	\$ 48,375
Total purchasing power spent on limited and full service restaurants, inflated to 2019	\$ 135,726,072
Number of restaurants supported by households	54
Total number of workers	32,815
Total worker meals per week	58,083
Number of restaurants supported by workers	25
Total restaurants supported	80
Number of restaurants available	64

Source: CSU CCPD, based on US Census and other available data

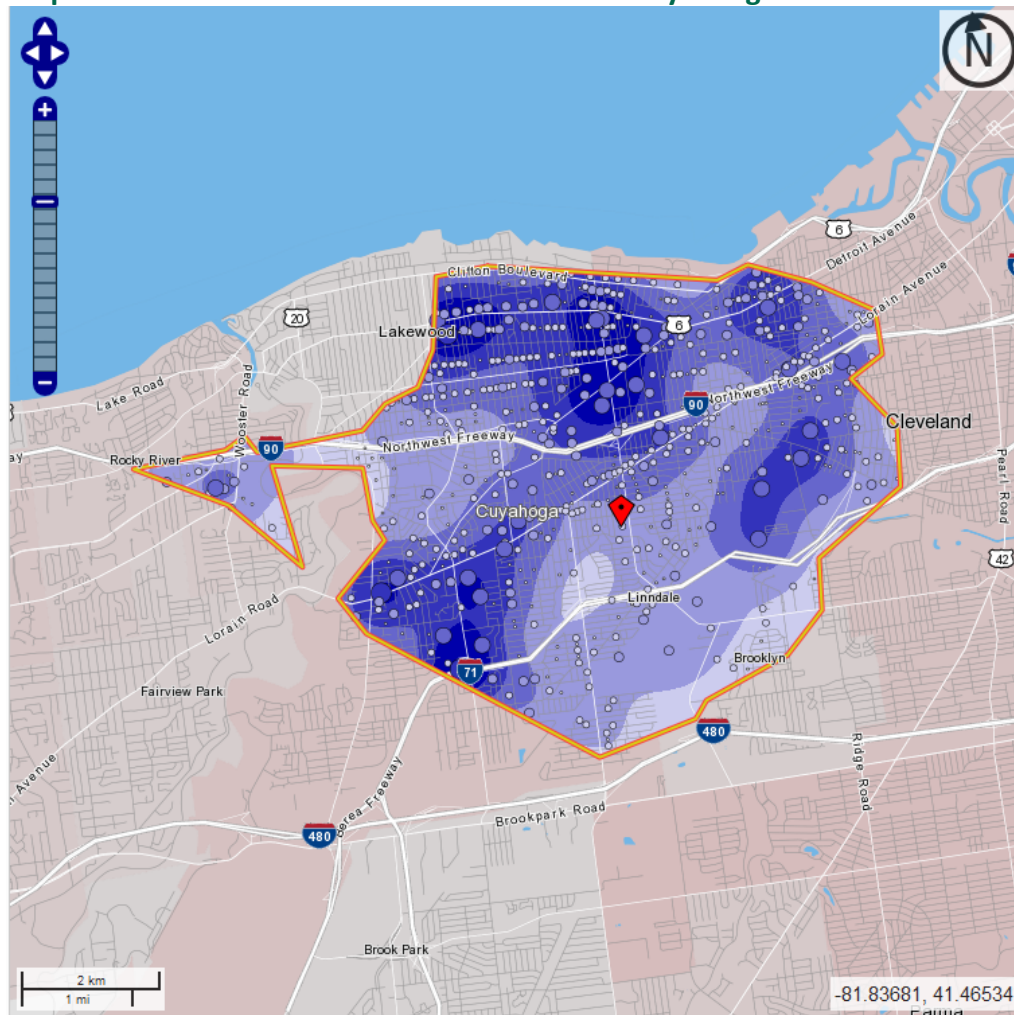
Table 6 Workers Within a 5-minute Drive of Variety Village Core

Worker earnings	2015	
	Count	Share
\$1,250 per month or less	8,562	26.3%
\$1,251 to \$3,333 per month	12,483	38.3%
More than \$3,333 per month	11,549	35.4%
Total	32,594	100.0%

Source: US Census LEHD data 2015

Note that the 32,000 workers within a 5-minute drive denotes a smaller geographic area than the 54,000 workers within 3 miles as stated in Table 4. The 3-mile radius is a general statistic used often in retail market analysis; however when looking specifically at the restaurant market capacity, driving time becomes the critical factor, especially for workers who are on a limited-time lunch break.

Map 8 Workers Within a 5-minute drive of Variety Village Core



Source: US Census, LEHD On the Map

Survey results. Surveys were collected from two local businesses, who distributed and collected surveys from 40 workers, and at several neighborhood events, which yielded 108 complete surveys. A summary of responses is given here in Table 7; see the Appendix for more detail.

40 Worker surveys were collected, and their responses were categorized. Worker respondents include both neighborhood residents, and outside residents (other Cleveland neighborhoods and suburban). Worker respondents were most likely to visit Lorain Avenue a few times a year, with 15% visiting more than once a week. Their best times to visit Lorain Avenue were weekend (35%), right after work (26%), and evening (17%). Their top two choices for improving Lorain Avenue included safety/lighting, and cleaner and better looking area (21% each); next highest priorities were more choices/variety, and secure parking (17% each). Additional ideas for what is needed on Lorain Avenue included: Affordable and healthy restaurants, Family entertainment, Additional dining choices / Entertainment options, well-known shops I usually visit, Trendier areas - more aesthetically pleasing, healthy dining, More grocery options, preferably more local grocery business, parking, and More police visibility on Lorain - traffic enforcement.

Neighborhood resident surveys were categorized. These included anyone who was also a neighborhood worker. Respondents were most likely to visit Lorain Avenue more than once a week (52%); best times to visit were weekend (25%) and evening (19%). Their top priority for improvement on Lorain Avenue was safety/lighting (24%); next highest were more choices/variety, and cleaner and better looking area (both at 18%). Additional ideas for what is needed on Lorain Avenue included: Trendier areas - more aesthetically pleasing; Lighting at night, more security; Better quality restaurants with outdoor seating; coffee shops, practical retail (common items); Trendy or Artsy Restaurants like you'd find in Tremont/Ohio City; Smaller grocery store, coffee/Donut place (Dunkin); Major food chain - Since I walk everywhere; Trader Joe, Aldi, Wine Shop, we need really good restaurants; Good dry cleaner; Bakery/More restaurants; smaller Grocery store G.E on 117 to big/Donut shop; Grocery store closer to me/They took out giant eagle on 140th.

Finally, outside resident surveys were categorized. These included residents of other neighborhoods in Cleveland, as well as suburban communities; and also included anyone who was also a neighborhood worker. Respondents were most likely to visit Lorain Avenue a few times a year (45%), with 19% visiting more than once a week. Their best times to visit were weekend (24%), right after work (19%), and evening (15%). Priorities for improvements on Lorain Avenue included safety/lighting (19%) and cleaner and better looking area (18%). More choices and variety, and increasing secure parking were next most important at 17% each. Additional ideas for improvements on Lorain Avenue included: More police visibility on Lorain - traffic enforcement ; Actually all of the above. The area from W45 to 117h could use a lot of redevelopment; Easy to find public bathroom; Needs much redevelopment; parking; offer to deliver goods; Retail, better quality restaurants; More grocery options, preferably more local grocery business; Family entertainment; Grocery Store; Bar &

Grill for craft beers; More restaurants with seating inside it; Small upscale restaurants; More restaurants with eating inside it; Better quality restaurants with outdoor seating; Affordable and healthy restaurants; Additional dining choices / Entertainment options; Local farmers market, local coffee shops; Bestbuy, radio shack, walmart, microcenter; healthy dining; Parking; Restaurants. Note that restaurants were mentioned by eleven out of thirty open-ended responses. It should also be noted that eight respondents noted they had never been to Lorain Avenue, would not go there, or are too unfamiliar to respond.

Capture rates for purchases on Lorain Avenue by neighborhood residents are also summarized in a table in the Appendix. These were used to indicate a baseline for retail goods and services, since they represent the demand as limited by existing supply.

Table 7 Surveys Collected

Summary by Survey/Zip Code	Total	Percent
Workers at area companies	40	
Residents	34	31%
Cleveland/Other	11	10%
Suburban	57	53%
Residence Unknown	6	6%
Total Collected	108	100%

4.5 MARKET SUPPLY

Two assessments of retail goods and services supply in the neighborhood were performed. Once the primary market area was defined, an inventory of first-floor retail space and occupancy within the primary market area was completed. See Table 8 for a summary.

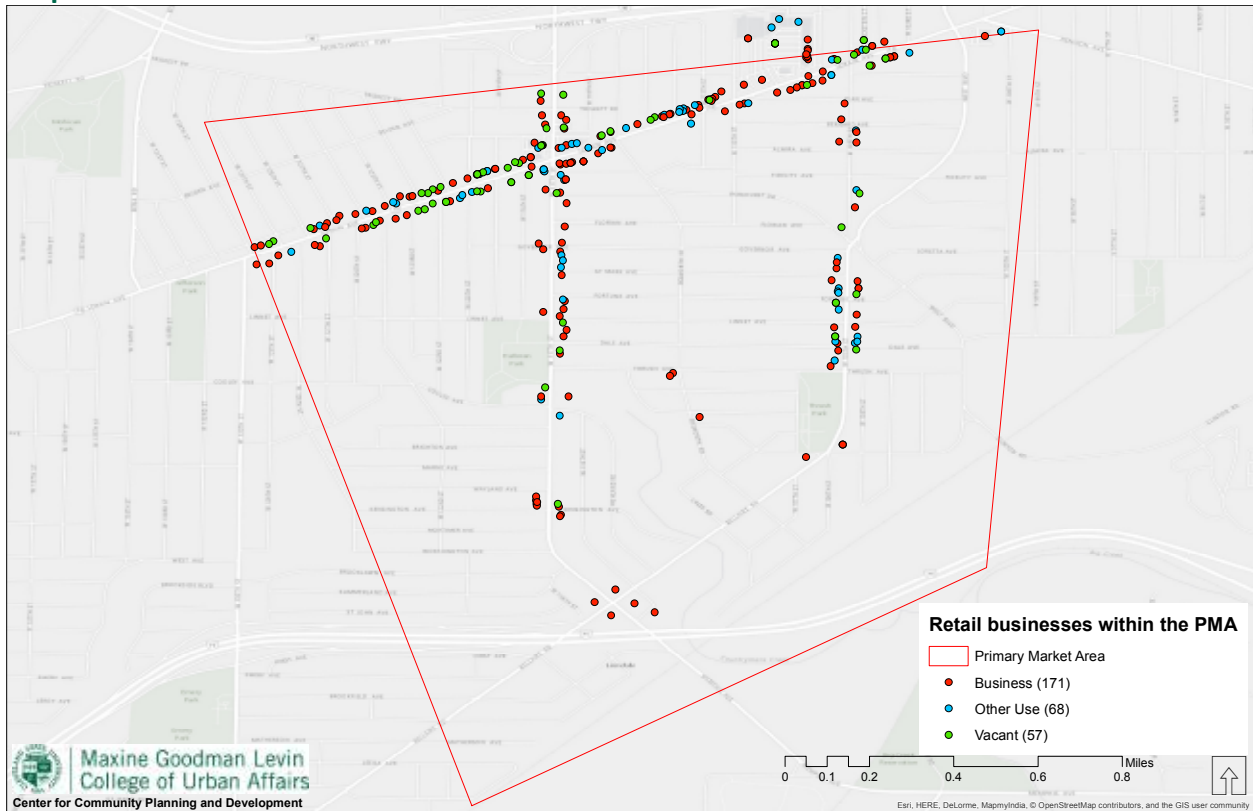
Table 8 Inventory Summary Within Primary Market Area

Retail Niche Category	Total First Floor Square Footage	No. of Spaces	% Square Footage
Appliances	3,300	1	0.44%
Auto parts	9,500	1	1.28%
Auto repair/svcs	60,175	23	8.08%
Bank	12,261	3	1.65%
Bar/Tavern	6,890	5	0.93%
Clothing/shoes	18,814	9	2.53%
Computer/Electronics/phone	23,515	15	3.16%
Convenience	26,700	12	3.58%
Dentist office	15,900	5	2.13%
Drugstore	20,840	2	2.80%
Financial svc/insurance	9,550	6	1.28%
fitness/yoga/dance/martial arts	3,500	1	0.47%
Gas station/convenience	11,300	5	1.52%
General merchandise	79,216	4	10.64%
Grocery	25,800	2	3.46%
Hardware/home/garden	7,100	2	0.95%
Health/Beauty	5,250	2	0.70%
Home furnishings	10,430	5	1.40%
Jewelry	3,000	2	0.40%
Laundry/Dry Cleaning	4,600	3	0.62%
Legal svcs	1,550	2	0.21%
Locksmith	2,800	1	0.38%
Optometrist	1,600	1	0.21%
Other arts/ent/ed/rec	17,400	4	2.34%
Other retail	4,550	6	0.61%
Other svcs	16,283	7	2.19%
Other use	123,876	56	16.63%
Pet stores/svcs	2,300	1	0.31%
Restaurant - Full Svc	29,700	15	3.99%
Restaurant - limited svc	24,400	12	3.28%
Salon/Barber/Unisex	24,350	19	3.27%
Specialty foods	30,200	11	4.05%
Tax/Accounting	6,658	6	0.89%
Travel svcs	900	1	0.12%
Vacant	100,651	53	13.51%
Grand Total First Floor Retail	744,859	303	100.00%
Total Vacant	100,651	53	
Total Other Use	157,559	67	
Grand Total excluding other uses	587,300	236	
% Vacancy overall	13.5%		
% Vacancy excluding other uses	17.1%		
% Other Uses	21.2%		

Source: CSU CCPD 2017

Note that niches representing over 3% of total square footage are highlighted in red. Retail businesses were also mapped, as shown in Map 9. Note that a substantial number of former spaces (21%) have been adapted for other, non-retail uses such as daycare, offices, residences, churches and institutions. Vacancy, including all other uses, is 13.5%.

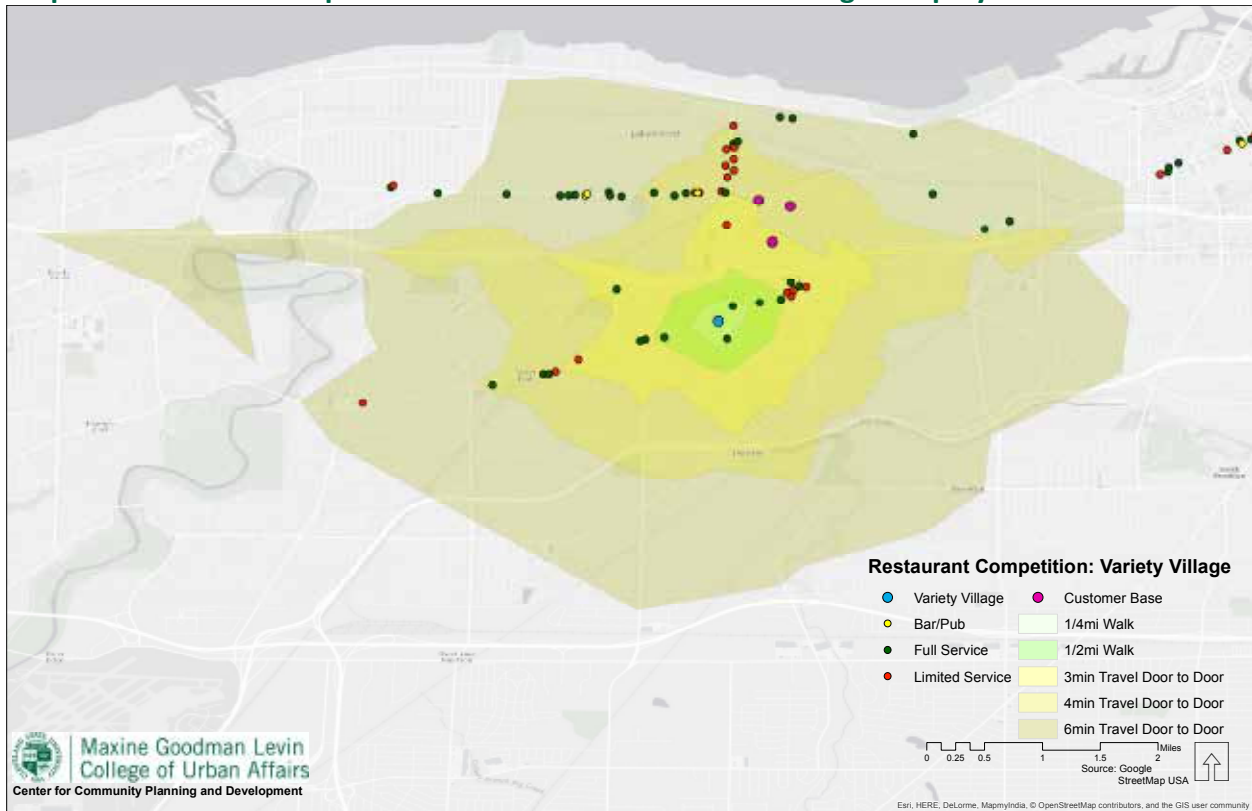
Map 9 Retail Businesses Within the PMA



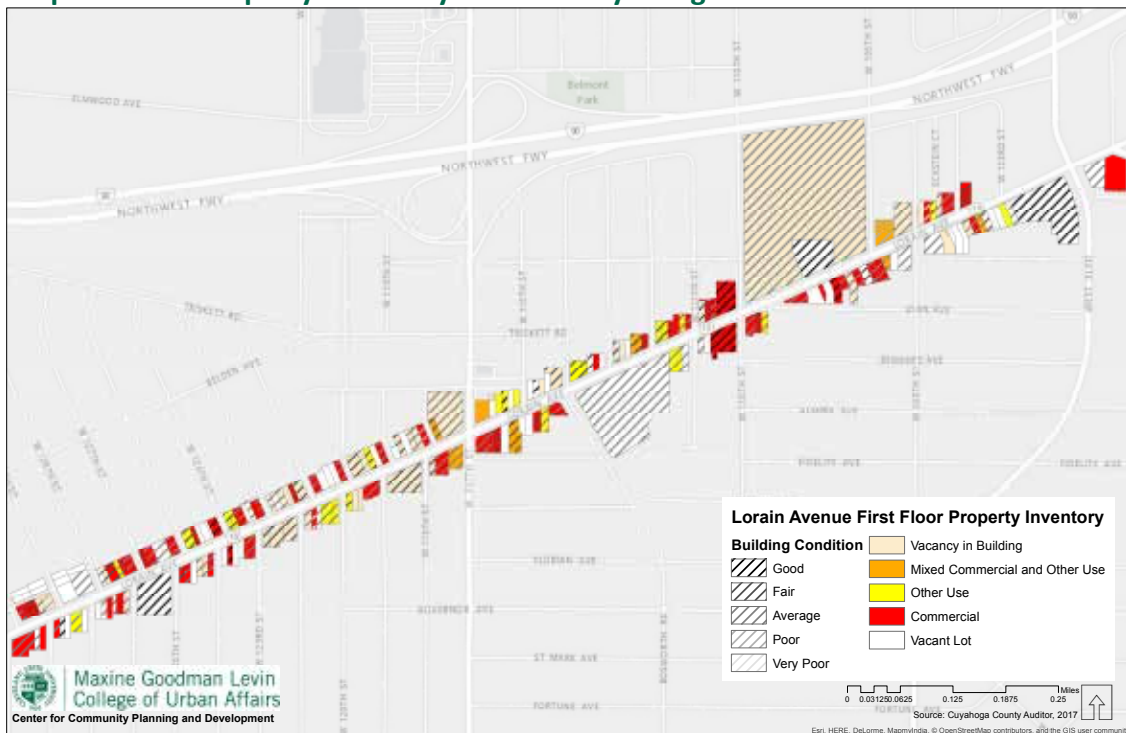
A second inventory was completed to review the available restaurant supply within a 5 minute drive of the Variety Theatre Complex. As noted in the methodology and approach section of this report, the area within a 5 minute drive is the strongest draw for restaurant demand. 65 restaurants were found within this area, as shown on Map 10.

Map 11 focuses on the status of first floor retail spaces on Lorain Avenue. Properties are categorized for vacant, occupied, and other use; and also for general property condition, as noted by the County Auditor.

Map 10 Restaurant competition within 5 minutes drive of 3 target employers



Map 11 Retail Property Inventory and Vacancy along Lorain Avenue



○

4.6 COMPARING SUPPLY AND DEMAND: RETAIL NICHE ANALYSIS

Two analyses were completed to compare supply and demand. The first was a local retail niche analysis comparing supply and demand within the primary market area, targeting residents in the PMA, with a few categories noting likely visitors’ additional sales due to outside workers and visitors from suburban and other Cleveland neighborhoods. The second analysis focused specifically on restaurant demand within 5 minutes drive of the Variety Theatre Complex, recognizing the larger draw that restaurants can command from surrounding neighborhoods.

Primary Market Area Niche Analysis

The primary market area niche analysis was performed using information from the US Bureau of Labor Statistics, the US Census of Retail Trade, and the US Consumer Expenditure Survey. Additional data was obtained from CCPD citywide inventory of typical urban neighborhood store square footages and annual sales, and the CCPD inventory and surveys specific to this project. Note that for the purposes of this analysis, existing square footage was discounted by store as follows: 50% if no parking was available except on-street; 25% if 3 to 6 spaces were available on site; 0 if a full parking lot was available.

Demand was projected to include the year 8 (2024) stable year opportunity.

Table 8 Additional Square Feet Supported, Dining, Projected to 2024

Niche Category:	Square Feet Supported
DINING	
Restaurants - full service	21,243
Restaurants - limited service	9,301
Bars/Taverns	5,632
Catering	3,909

Table 9 Additional Square Feet Supported, Retail Goods, Projected to 2019

Niche Category:	Square Feet Supported
RETAIL SHOPPING	
Hardware/Home/Garden	14,910
Grocery	15,632
Gas Stations/Convenience	11,965
Beer/wine/liquor stores	3,672
Toy/Craft/Hobby	2,289
Office Supplies/stationery	1,327
Sporting goods/outdoors/bikes	1,179
Used merchandise	866
Gifts/novelty	733
Books/Music	328
Florists	253
Musical instruments	195
Luggage/leather goods	69

Table 10 Additional Square Feet Supported, Consumer Services, Projected to 2019

Niche Category:	Square Feet Supported
CONSUMER SERVICES	
Banks	1,665
Real Estate Services	634
Cinemas	353
Radio/Television/Electronic svcs	162
Funeral Services	111
Bowling	55
Misc Repair	53
Pet Stores/Services	39
Photography Services	39
Tailoring/alteration	27
Shoe repair	22

Restaurant Capacity in the Variety Village District

As noted above, a separate analysis was performed to assess the capacity for restaurants within a 5-minute drive of the Variety Village Complex. As noted in Table 5 in the demand section of this report, when available residents within a 5-minute drive, plus workers, within the same

area, are analyzed, there is apparent capacity for 80 restaurants within the area. This analysis is based on worker demand information summarized in the methodology section above, plus information from the George Group, the International Council of Shopping Centers, and CSU CCPD's citywide inventory of urban neighborhood restaurants, about typical restaurant annual sales. It was assumed that restaurants would be provided at about 60% limited service-type, and 40% full service-type restaurants. (the current ratio within the 5-minute-drive area is 50%-50%).

4.6 CONCLUSIONS

The following conclusions can be drawn from the retail analysis:

- By the 8-year stabilization period of the Variety Village District, there is likely capacity for about 40,000 square feet of dining-related space, including full-service and limited-service restaurants (limited service includes cafes, delis, and counter service establishments), bars and taverns, and catering.
- There is likely capacity for about 53,000 square feet of additional retail space in the Variety Village District by the end of its 8-year stabilization period.
- There is currently capacity for about 10 additional restaurants within a 5-minute drive of the Variety Village Complex.
- Additional retail niches where capacity could exist, comprising potential tenant recommendations, include: hardware/home and garden; grocery; gas stations and convenience; beer/wine/liquor stores; toy/craft/hobby; office supplies; and sporting goods.
- There is an available supply of vacant space on Lorain Avenue that could accommodate retail expansion, including multiple buildings in good or fair condition, possibly worthy of redevelopment upon further evaluation.

5.0 ECONOMIC IMPACT ANALYSIS

5.1 INTRODUCTION

The economic impact analysis of the Variety Theatre Complex was analyzed on two levels: first, the impacts of the project itself (base analysis); and second, the impacts of the Variety Village District, given the expected catalytic effects of the Variety Theatre Complex in retail expansion and attraction of new employment over a projected eight-year period (catalytic analysis). The catalytic effects are based on research outlined in the earlier section on methodology and approach, and further detailed below.

5.2 METHODOLOGY

The economic impact of the Variety Village District on the City of Cleveland, Cuyahoga County, and State of Ohio was evaluated using US Bureau of Economic Analysis RIMS II multipliers, obtained in June of 2017. Project data including construction cost, potential employment, and projected earnings and sales for the Variety Theatre renovation were obtained from Marous Construction, the George Group, and Detroit Shoreway Community Development Corporation. Industrial expansion data was obtained via interviews with key informants on three nearby committed expansions. As described in the Methodology section above, 10% of industry relocation was attributed to the economic impact of this project. Finally, retail expansion was projected based on conservative interpretation of the retail market niche analysis performed earlier in this study. Where specific employment, earnings, and sales figures were not available for elements of the project or catalytic district effects, they were projected using US Bureau of Economic Analysis, US Bureau of Labor Statistics, US Census of Retail Trade, and US Consumer Expenditure data available from the US Census.

Separate impacts were calculated for direct project impact (construction and permanent jobs provided as part of the proposed project); indirect project impact (jobs, sales and earnings resulting from suppliers of the direct project); and induced project impact (jobs, sales and earnings resulting from spending of households impacted by the direct and indirect effects). Similarly, direct, indirect and induced impacts were calculated for the retail and industry expansion projected to result from the catalytic effect of the Variety Village Complex project. These layered impacts are shown in the graphs showing jobs and total economic activity impact over the eight-year stabilization period.

5.3 ASSUMPTIONS

Key assumptions incorporated into the economic study included the following. “Project” effects refer to the Variety Village Complex project.

- Project truction would occur from early 2018 through mid 2019
- Project permanent economic activity (jobs, sales, and earnings) would begin in mid-2019 and grow at about a 14% per year rate through 2024 (year 5), when it would stabilize
- Local industry expansion would occur in 2018/2019, 2024, and 2026 in phases
- Local industry permanent economic activity would grow in accordance with construction and stabilize in year 8 (2027).
- Retail expansion along Lorain Avenue would begin in 2019 and expand incrementally over 10 years until projected retail capacity is met in 2029
- City of Cleveland activity, which is not available in RIMS II multipliers, would represent about 95% of Cuyahoga County activity
- Induced impacts would be in the form of service jobs (67%) and administrative jobs (33%)
- Movie theater activity is based on one seating a week starting in 2020.

Tables 11 and 12 summarize the basis for conservative assumptions regarding potential catalytic retail expansion along Lorain Avenue. As shown in the Retail Market Analysis section of this report, the supported dining square footage totals about 36,000 square feet, including restaurants, bars and taverns. An additional 50,000 square feet is supported for other retail categories. In order to base the economic analysis on conservative assumptions, a total of 20,000 square feet of dining, and 20,000 square feet of additional retail, beyond the project, was used in the analysis. Table 12 demonstrates that vacant space is available for the retail expansion on which the analysis is based.

Table 11 Summary of Retail Catalytic Assumptions Used in the Economic Analysis

Square Feet	Category
NICHE ANALYSIS SUMMARY - SUPPORTED GAP	
DINING	
21,243	Full Service Restaurants
9,301	Limited Service Restaurants
5,632	Bars/Taverns
36,176	Total
(11,000)	Less Variety Complex Restaurant
25,176	Remaining total
GOODS	
14,910	Hardware
15,632	Grocery
11,965	Gas/Convenience
3,672	Beer/Wine/Liquor
2,289	Toy/Craft/Hobby
1,327	Office supplies/stationery
49,795	Total
(7,500)	Less Variety Complex Retail
42,295	Remaining total
SERVICES	
3,160	Total in 11 niches
ASSUMPTIONS USED IN ECONOMIC ANALYSIS	
20,000	Restaurant catalytic expansion
20,000	Retail goods and services expansion

Table 12 Analysis of Space Capacity for Retail Catalytic Expansion Effect, used as a basis for the Economic Impact Analysis

Space Category	First Floor Square Footage
Currently vacant	100,651
Current vacancy rate, overall	14%
New restaurant/retail proposed (including Variety Theatre Complex)	58,500
New vacancy after redevelopment	42,151
New vacancy rate, overall	6%
Current vacancy rate, excluding other uses	17%
New vacancy rate, excluding other uses	7%

Source: CSU CCPD Inventory and analysis

Note: Vacancy rates are set as minimums to ensure conservative economic analysis; higher vacancy rates likely in actuality would require larger development assumptions to meet the specified demand.

Base project - economic and fiscal impact summary tables. The following is a summary of impacts of project only, without catalytic impacts. Economic Impact amounts below are cumulative, fiscal impacts are separate for each entity.

Table 13 Base Economic Impact

SUMMARY OF ECONOMIC IMPACTS

	Project	City of Cleveland	Cuyahoga County	State of Ohio
Operations Impacts Delivered: Stable Year (Year 5)				
Employment Impacts (FTE)	86	108	114	129
Total Economic Activity	\$ 2,736,347	\$ 4,464,930	\$ 4,699,926	\$ 5,665,810
Personal Income/Earnings	\$ 2,176,403	\$ 3,209,400	\$ 3,378,316	\$ 4,290,617
Construction Impacts Delivered: Total (Years 1 and 2)				
Employment Impacts (FTE)	99	174	183	225
Total Economic Activity	\$15,470,355	\$17,899,780	\$18,841,874	\$26,062,829
Personal Income/Earnings	\$ 7,013,325	\$10,632,271	\$11,191,864	\$13,635,307

Expanded analysis – industry and retail expansion – catalytic assumptions. The following summary of all impacts from project and its associated catalytic effects on the Variety Village District retail development, and nearby industry development, is based on assumptions described above under “Methodology and Rationale”.

Table 14 Catalytic Economic Impact of Variety Village District

SUMMARY OF ECONOMIC IMPACTS

	Project	City of Cleveland	Cuyahoga County	State of Ohio
Operations Impacts Delivered: Stable Year (Year 8)				
Employment Impacts (FTE)	86	334	352	406
Total Economic Activity	\$ 2,746,316	\$ 22,238,706	\$ 23,409,164	\$ 28,619,012
Personal Income/Earnings	\$ 2,210,550	\$13,330,734	\$14,032,351	\$ 17,234,023
Construction Impacts Delivered: Total (Through Year 8)				
Employment Impacts (FTE)	99	253	266	328
Total Economic Activity	\$15,470,355	\$26,330,210	\$27,716,011	\$ 38,337,887
Personal Income/Earnings	\$ 7,013,325	\$15,474,792	\$16,289,254	\$ 19,845,575

Figure 1 Catalytic Jobs Effect

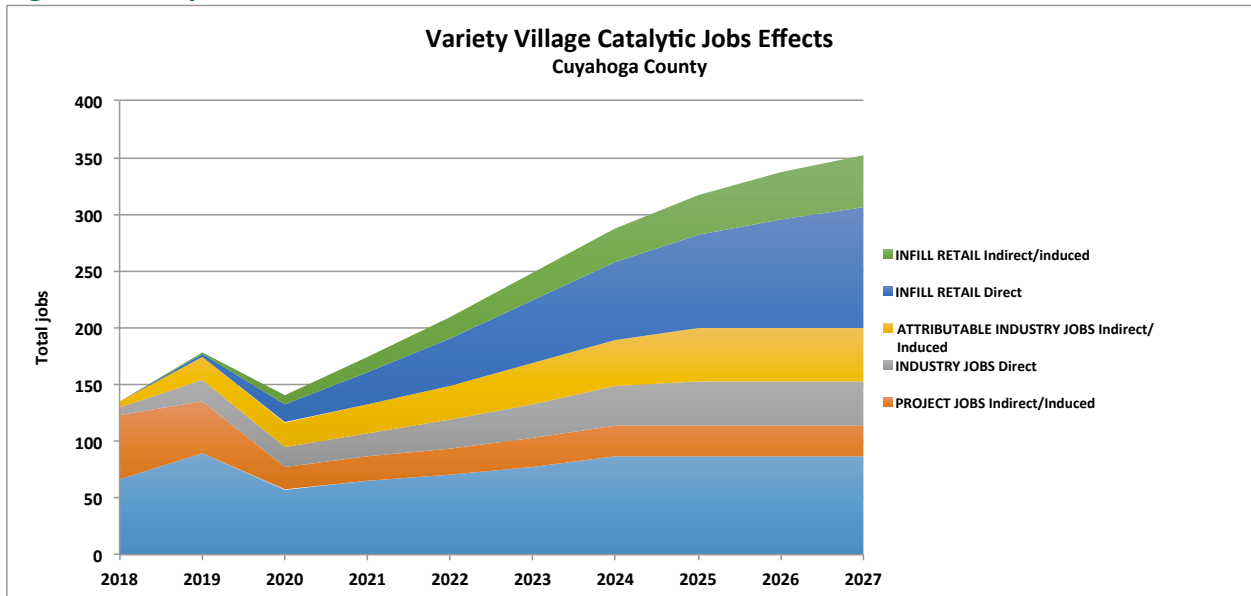
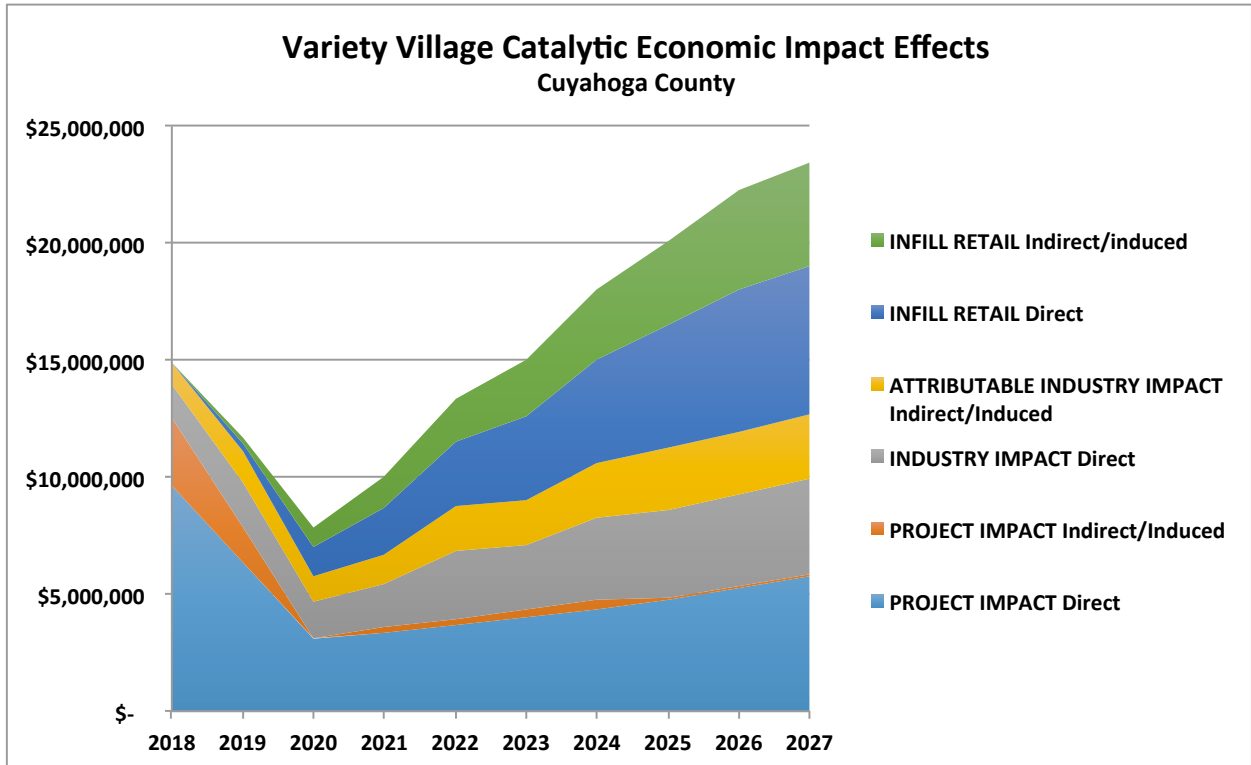


Figure 2 Catalytic Economic Impact Effect



5.2 CONCLUSIONS

The following conclusions can be drawn about the economic impact of the Variety Theatre Complex redevelopment project, when catalytic retail and industry expansion effects are accounted for:

- 406 permanent jobs in Ohio, with 334 of them in Cleveland
- \$22.2 million per year in total economic activity in Cleveland, \$23.4 million in Cuyahoga County, and \$28.6 million in Ohio, in a stable operating year
- \$26.3 million in total economic impacts generated by construction through 2027 (year 8) in Cleveland, \$27.7 million in the County, and \$38.3 million in Ohio

6.0 FISCAL IMPACT ANALYSIS

6.1 INTRODUCTION

Economic impact comprises a number of factors related to the overall economy, including overall sales and economic activity; number of jobs generated; and earnings of households obtain through those jobs. Fiscal impact analysis focuses on the income and expenses affecting government budgets. Once the economic impact analysis was completed, the resulting information on jobs, sales, and worker earnings was used, along with known public entity financing support for the project, and rates for sales, property, income, excise, and related taxes to produce an assessment of fiscal impact to local and state governments affected by project activity.

6.2 METHODOLOGY

Fiscal impacts of the above-described economic activity were estimated for entities receiving property, sales, income, and excise taxes, including the City of Cleveland, Cuyahoga County, the Cleveland Municipal School District, and the State of Ohio; smaller potential impacts to other entities, including RTA, the Cuyahoga County Public Library, Cuyahoga County Community College, Cleveland Metroparks, and the Cleveland Port Authority, were also projected. Remember that the economic impact of catalytic industry expansion was based on 10% of expected increase in sales, jobs and earnings.

6.3 ASSUMPTIONS

General assumptions included the following:

- Property tax rates were based on current commercial and residential property tax rates for properties located in the City of Cleveland. Potential homestead and other property tax reductions for residential property owners were accounted for. A 15-year property tax abatement was assumed for each phase of the industry expansion noted.
- Income tax rates were calculated for assumed average salaries for service, administrative and technical jobs likely to be direct, indirect or induced impacts of this project.
- Excise and sales taxes were calculated for general sales and alcohol sales for all retail establishments in the Variety Theatre district, including the Variety Theatre project.
- Costs to tax-receiving entities, including grants, loans, tax abatements, and tax credits, were incorporated into the analysis.
- All fiscal impacts were projected out 30 years.
- Impacts were discounted over time using the 30-year Consumer Price Index.
- The Variety Theatre property was assumed, based on analysis of potential income, to be valued, upon completion, in the vicinity of \$4.5 million.

Property Value Impacts. As described under methodology above, we applied a nuisance discount of 5% to residential property adjacent to the Variety Theater site. We also apply a walkability premium to residential properties within ¼ of the site. The Subject Site is shown in red on Map 12 below; properties subject to nuisance are shown in yellow; and properties subject to a 3% walkability premium are shown in green.

Map 12 Property Impacts on Lorain Avenue

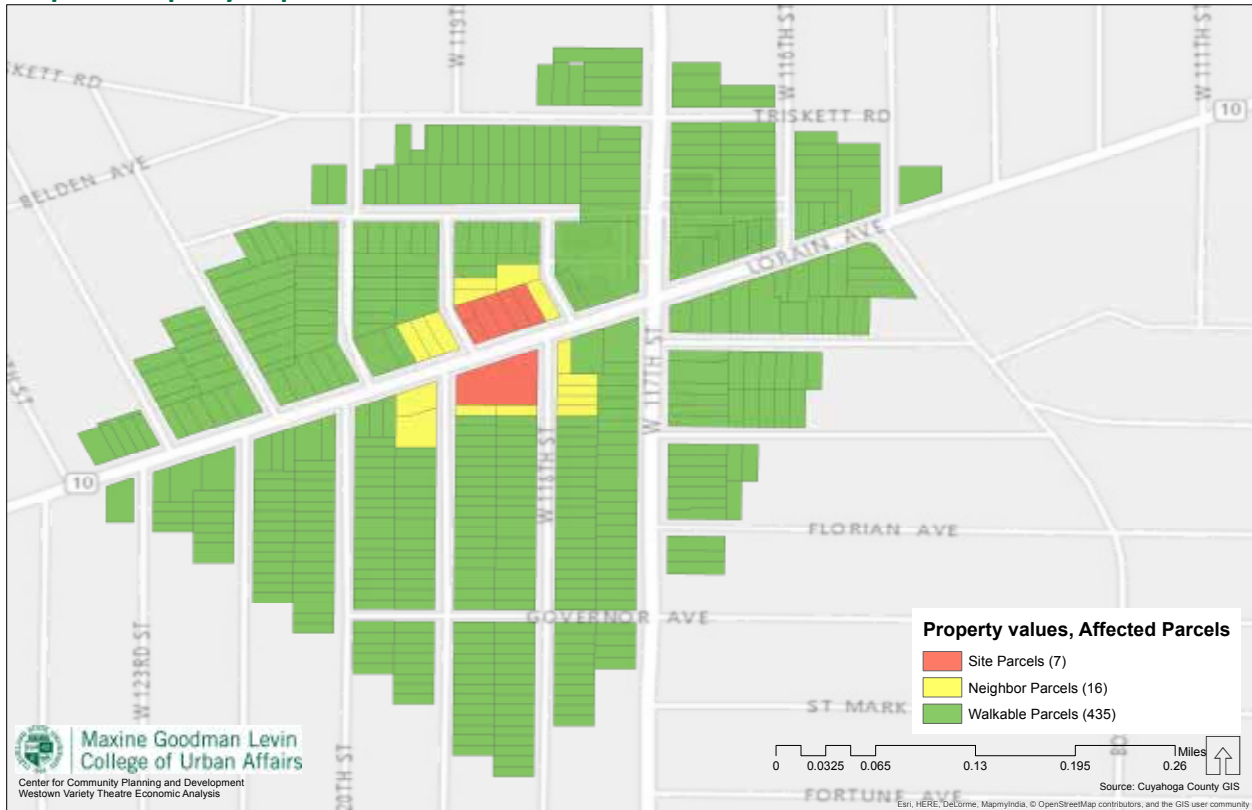


Table 15 Base Project Fiscal Impacts

SUMMARY OF FISCAL IMPACTS

	City of Cleveland	Cuyahoga County	State of Ohio	Cleveland Municipal School District	RTA	Others: Metroparks, Library, Tri-C, Port Authority	Total Fiscal Impacts
Revenues: Net Present Value, 30 years	\$ 2,738,209	\$ 3,596,681	\$ 8,817,452	\$ 2,061,219	\$ 825,105	\$ 452,901	\$ 18,491,568
Revenues: Stable Year (year 5)(2023 dollars)	\$ 111,769	\$ 116,967	\$ 331,456	\$ 98,109	\$ 33,646	\$ 21,546	\$ 713,493
Costs: Net Present Value, 30 years	\$ 2,567,670	\$ 2,985,000	\$ 2,141,853	--	--	--	\$ 7,694,523
Costs: Stable Year (Year 5 except City and County = Year 1)	\$ 2,567,670	\$ 2,985,000	\$ 77,056	--	--	--	\$ 5,629,726
Net Benefit (Net Present Value)	\$ 170,539	\$ 611,681	\$ 6,675,599	\$ 2,061,219	\$ 825,105	\$ 452,901	\$ 10,797,046
Benefit/Cost Ratio (Net Present Value)	1.07	1.20	4.12				

Table 16 Catalytic Fiscal Impacts of Variety Village District

SUMMARY OF FISCAL IMPACTS

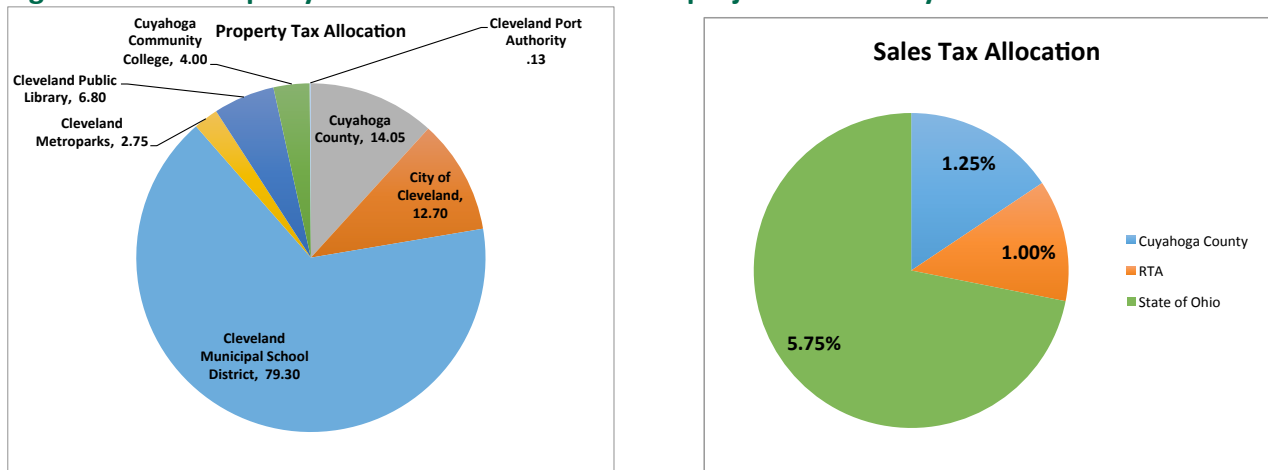
	City of Cleveland	Cuyahoga County	State of Ohio	Cleveland Municipal School District	RTA	Others: Metroparks, Library, Tri-C, Port Authority	Total Fiscal Impacts
Revenues: Net Present Value, 30 years	\$ 8,590,951	\$ 7,168,746	\$ 31,096,211	\$ 2,342,400	\$ 3,605,484	\$ 514,123	\$ 53,317,914
Revenues: Stable Year (Year 8)	\$ 419,584	\$ 316,605	\$ 1,583,840	\$ 109,922	\$ 189,000	\$ 24,159	\$ 2,643,110
Costs: Net Present Value, 30 years	\$ 3,001,195	\$ 3,252,383	\$ 2,242,596	--	--	--	\$ 8,496,174
Costs: Stable Year (Year 8)	\$ -	\$ -	\$ 90,677	--	--	--	\$ 90,677
Net Benefit (Net Present Value)	\$ 5,589,756	\$ 3,916,363	\$ 28,853,615	\$ 2,342,400	\$ 3,605,484	\$ 514,123	\$ 44,821,740
Benefit/Cost Ratio (Net Present Value)	2.86	2.20	13.87				

6.4 FISCAL IMPACT CONCLUSIONS

- A net present value positive benefit in fiscal impact over 30 years to the City of Cleveland of \$5.6 million, \$3.9 million to the County, and \$28.9 million to the state of Ohio, with corresponding highly favorable benefit-cost ratios
- Net present value positive fiscal benefits to the CMSD of \$2.3 million over 30 years
- Total annual fiscal benefits in a stable year (Year 8) of \$2.7 million (2027 dollars), with total property taxes paid of \$182,580 that year.
- The benefit cost ratio for the City, County, School District and State are all positive, justifying public investment in the project.

Figures 3 and 4 illustrate the proportion of taxes allocated to various public agencies for projects in the City of Cleveland.

Figure 3 and 4 Property and sales tax allocation for projects in the City of Cleveland



7.0 CAVEATS AND CONCLUSIONS

The Variety Village District, and its anchor project the Variety Theatre Complex Redevelopment, stand to catalyze the revitalization of Westtown, one of Cleveland's historic neighborhoods. Benefiting from easy access to the I-90 freeway, a good location equidistant between Kamm's Corners and the Ohio City Market District, and within a 5- minute drive of 32,800 daytime workers, the district has the potential to grow and once again become a thriving neighborhood main street. The redevelopment of the Variety Village Complex should be the first step in a likely decade-long expansion which will bring vitality and amenities to this walkable neighborhood.

In this study, we have demonstrated the strong potential for retail expansion and infill, redevelopment, and positive economic and fiscal impacts to the city, county, and state. This potential rests on the known role catalytic projects such as the Variety Theatre play in attracting retail entrepreneurship, attracting employer businesses, and enhancing the vibrancy of a street. However, it is important to remember that many factors go into business success, including entrepreneur vision, marketing savvy, competent management, adequate capitalization, favorable general economic conditions, and business acumen. Retail and economic capacity and decisions are only a part of long term business success. This study attempts to project, based on reasonable assumptions, that future economic, retail and fiscal benefits will occur as part of the redevelopment of the Variety Village district. While we have made every attempt to parse potential impacts, costs and benefits in detail, using specific local data when it was available, the analysis is based on assumptions and national multipliers and other national data, and may or may not play out in actuality over time, given the wide range of other factors determining the success of a redevelopment district.

Site occupancy and vacancy analysis, and building condition, zoning, and environmental information about properties within the district, was done broadly at a preliminary level to understand the general context for future redevelopment of the district. Any further planning for revitalization should include a detailed parcel-by-parcel review of site conditions and constraints, building characteristics, redevelopment feasibility, and occupancy suitability, prior to decisionmaking.

Caution should be used in applying conclusions in this study to investment decisions. We relied on inputs of studies cited above, and assume they are accurate. We relied on operating assumptions obtained from the George Group as well as reports on housing demand, construction costs, and financing structure cited above.

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9.0 APPENDIX

9.1 HIGHEST AND BEST USE JUDGMENT CRITERIA

The following criteria were used in evaluating highest and best use suitability characteristics for each land use in the Highest and Best Use Table (Table 2).

- 1 Visibility/Views.** For commercial development, how prominent is the business, how well can it be seen from off-site? For residential, lodging and recreation, how attractive are the views from and on the site?
- 2 Auto traffic count.** For commercial development, the higher the count, the better. (rate 2 for high count, -2 for very low count). For residential, the lower the count, the better. (rate 2 for low count, -2 for high count). For office and recreation, neutral.
- 3 Truck/Freight traffic count.** For commercial development, moderate is desirable to avoid congestion (rate 2 for moderate, -2 for high, 0 for low); for residential and office, the lower the count, the better (rate 2 for low count, -2 for high)
- 4 Pedestrian traffic count.** To what extent will the level of pedestrian traffic benefit the use? Rate 2 (excellent pedestrian traffic) to 0 (no pedestrian traffic).
- 5 Adequate Parking.** Is there room on the site for adequate parking for the parcel size and use? Or is convenient adequate parking available nearby? Rate 2 (excellent parking available for the use) to -2 (severely inadequate parking available). Note that some uses do not need as much parking.
- 6 Pedestrian Access.** How convenient and safe is the pedestrian access to the site? Rate 2 to -2.
- 7 Highway access.** How close and convenient is highway access, and how important is it to the use? The importance will vary depending on the use. For office, standard tourist lodging, and convenience commercial it is very important, and if access is not good it will be rated negative (-1 or -2). For specialty retail, residential, and recreation uses, it is less important and it will only be rated 0 to 2.
- 8 Rapid/bus transit access.** How convenient is transit access for customers and residents/users?
- 9 Noise level.** Does level of noise benefit or negatively impact the use? Rate 2 (level of noise highly compatible with the use) to -2 (level of noise will have a negative impact on the possible use). For some uses noise may not be of concern (rate 0).

10 Resident Demand. For commercial and recreational uses, is there a resident base to support the intended use? For residential uses, is there market demand in the area for the use? Rate 2 (excellent demand) to 0 (no demand).

11 Infrastructure. Is there adequate infrastructure on the site to support the use? Rate 0 (no), 1 (limited in some way), 2 (yes is adequate). Infrastructure includes sewer, water, power, but may also involve other critical services such as wi-fi and cellular reception for some uses.

12 Zoning. Is intended use compatible with existing zoning? Rate 2 (yes), 0 (change needed but not a difficult issue), or -2 (change needed and will be a challenge).

13 Parcel Condition. To what extent would site need to be prepared at some expense in order to achieve the use? Rate 2 (ready to build or develop), 0 (needs some standard amount of work including basic demolition of structures), -2 (needs considerable expense for demolition, site preparation and cleanup).

14 Size and shape of parcel. How compatible is the size and configuration of the parcel for the intended use? Rate 2 (ample room for use), 1 (appropriate for use), or -2 (use is not compatible).

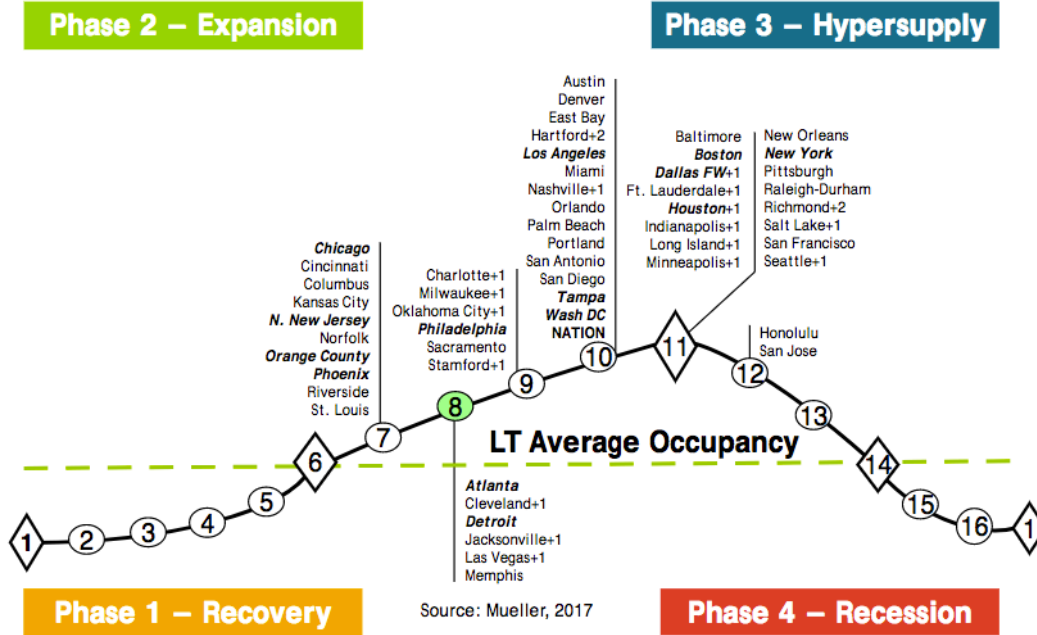
15 Compatibility of structure(s). How compatible are existing structure(s) to the intended use? Rate 2 (highly compatible); 1 (compatible with expected renovation); 0 (no structure); -1 to -2 (more extensive renovation and/or demolition).

16 Future Expansion. Is there room for possible future expansion of the use on the site? Rate 2 (yes and expansion is likely), 0 (does not apply), -2 (no room and expansion need is likely).

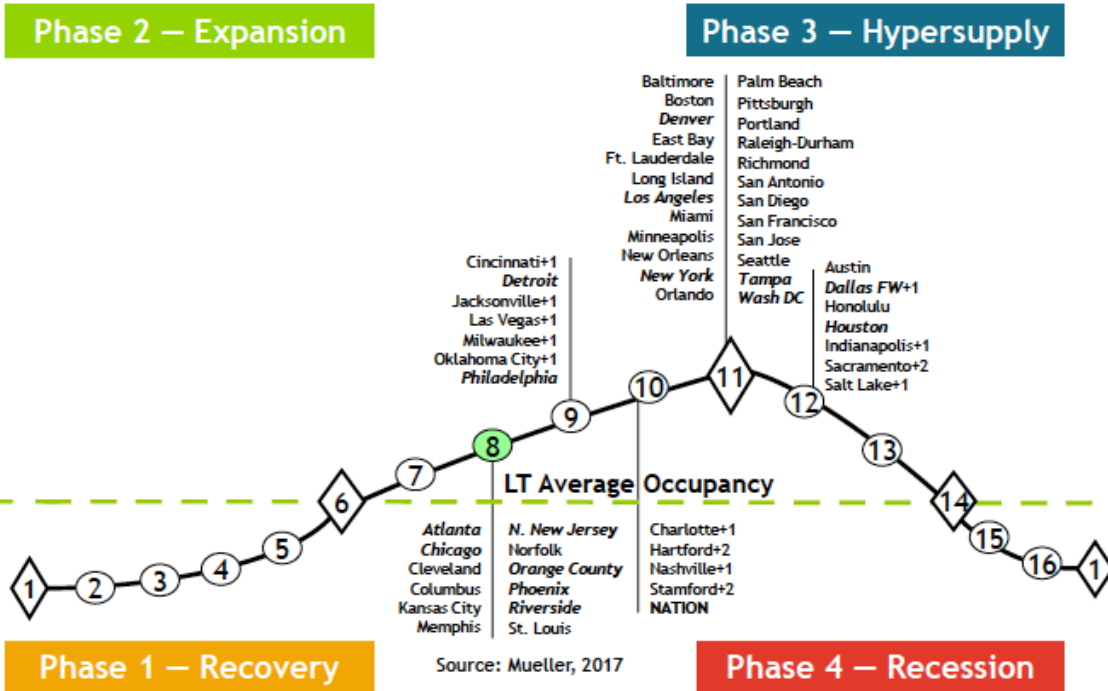
9.2 MARKET CYCLE AND MARKET FORECAST DETAIL

Mueller Market Cycle Monitor – 2ndQuarter 2017 – Retail
(Restaurant is included in retail)

Retail Market Cycle Analysis
2nd Quarter, 2017

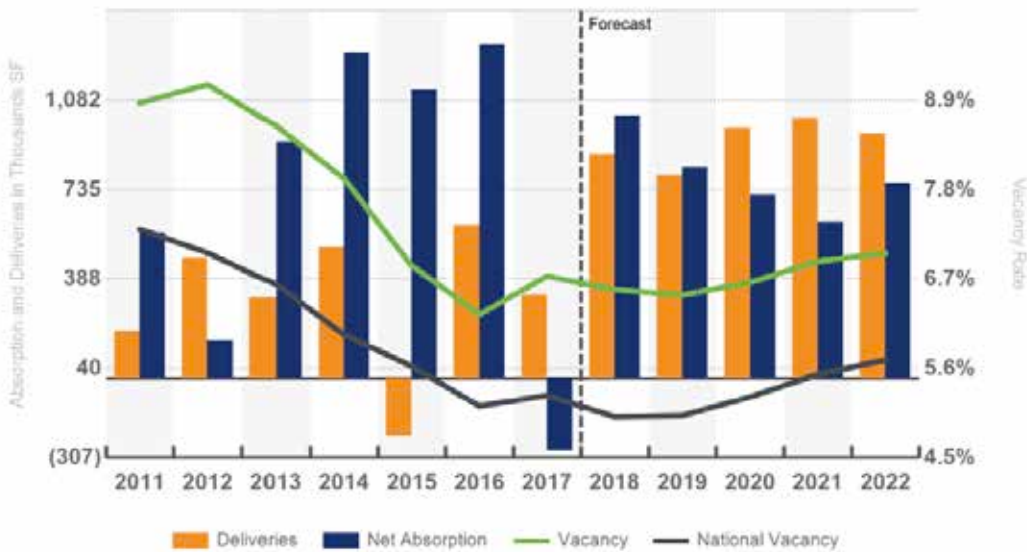


Retail Market Cycle FORECAST 2nd Quarter, 2018 Estimates



CoStar Retail information

NET ABSORPTION, NET DELIVERIES AND VACANCY RATE



9.3 SURVEY RESULTS

Table 17, Workers' Responses

Responses	Count	Percent
VISITS TO LORAIN AVE		
More than once a week	5	15%
every 1 to 2 weeks	5	15%
once a month	3	9%
a few times a year	15	45%
first visit today	2	6%
Other (please specify)	3	9%
TOTAL RESPONSES	33	100%
BEST TIMES TO VISIT		
morning	2	4%
lunch break	6	11%
afternoon	2	4%
right after work	14	26%
evening	9	17%
late night	0	0%
weekday	2	4%
weekend	19	35%
TOTAL RESPONSES	54	100%
3 PRIORITIES FOR IMPROVING LORAIN AVE		
more choices/variety	18	17%
better quality products	11	10%
increase secure parking	18	17%
commercial building code enforcement	2	2%
safety/lighting	22	21%
local advertising	0	0%
cleaner and better looking area	22	21%
Other (please specify)	13	12%
TOTAL RESPONSES	106	100%
Priorities: Other Responses		
<i>Affordable and healthy restaurants</i>		
<i>Family entertainment</i>		
<i>I have never been there</i>		
<i>Never been - probably will never go</i>		
<i>Additional dining choices / Entertainment options</i>		
<i>well-known shops I usually visit</i>		
<i>Trendier areas - more aesthetically pleasing</i>		
<i>healthy dining</i>		
<i>More grocery options, preferably more local grocery business</i>		
<i>parking</i>		
<i>Does not apply to me</i>		
<i>Have no interest in shopping in the area</i>		
<i>More police visibility on Lorain - traffic enforcement</i>		
<i>Note: includes workers who are neighborhood, Cleveland and suburban residents</i>		

Table 18, Neighborhood Residents’ Responses

Responses	Count	Percent
VISITS TO LORAIN AVE		
More than once a week	15	52%
every 1 to 2 weeks	9	31%
once a month	3	10%
a few times a year	2	7%
first visit today	0	0%
Other (please specify)	0	0%
TOTAL RESPONSES	29	100%
BEST TIMES TO VISIT		
morning	8	15%
lunch break	1	2%
afternoon	7	13%
right after work	7	13%
evening	10	19%
late night	2	4%
weekday	5	9%
weekend	13	25%
TOTAL RESPONSES	53	100%
3 PRIORITIES FOR IMPROVING LORAIN AVE		
more choices/variety	20	18%
better quality products	9	8%
increase secure parking	16	14%
commercial building code enforcement	3	3%
safety/lighting	27	24%
local advertising	4	4%
cleaner and better looking area	20	18%
Other (please specify)	15	13%
TOTAL RESPONSES	114	100%
Priorities: Other Responses		
<i>Trendier areas - more aesthetically pleasing</i>		
<i>Lighting at night, more security</i>		
<i>Better quality restaurants with outdoor seating</i>		
<i>coffee shops, practical retail (common items</i>		
<i>Trendy or Artsy Restaurants like you'd find in Tremont/Ohio City</i>		
<i>Smaller grocery store, coffee/Donut place (Dunkin)</i>		
<i>Major food chain - Since I walk everywhere</i>		
<i>Trader Joe, Aldi, Wine Shop, we need really good restaurants</i>		
<i>Good dry cleaner</i>		
<i>Bakery/More restaurants</i>		
<i>Smaller Grocery store G.E on 117 to big/Donut shop</i>		
<i>Grocery store closer to me/They took out giant eagle on 140th</i>		
<i>*note: includes workers</i>		

Table 19, Other Cleveland Neighborhood and Suburban Resident Responses

Responses	Count	Percent
VISITS TO LORAIN AVE		
More than once a week	11	19%
every 1 to 2 weeks	6	10%
once a month	5	9%
a few times a year	26	45%
first visit today	7	12%
Other (please specify)	3	5%
TOTAL RESPONSES	58	100%
BEST TIMES TO VISIT		
morning	13	12%
lunch break	9	9%
afternoon	9	9%
right after work	22	21%
evening	16	15%
late night	1	1%
weekday	10	10%
weekend	25	24%
TOTAL RESPONSES	105	100%
3 PRIORITIES FOR IMPROVING LORAIN AVE		
more choices/variety	38	17%
better quality products	18	8%
increase secure parking	37	17%
commercial building code enforcement	9	4%
safety/lighting	42	19%
local advertising	4	2%
cleaner and better looking area	39	18%
Other (please specify)	34	15%
TOTAL RESPONSES	221	100%
Priorities: Other Responses		
<i>More police visibility on Lorain - traffic enforcement</i>		
<i>Actually all of the above. The are from W45 to 117h could use a lot of redevelopment</i>		
<i>Have no interest in shopping in the area</i>		
<i>IDK</i>		
<i>Easy to find public bathroom</i>		
<i>Needs much redevelopment</i>		
<i>Does not apply to me</i>		
<i>parking</i>		
<i>offer to deliver goods</i>		
<i>Marked them all</i>		
<i>Retail, better quality restaurants</i>		
<i>More grocery options, preferably more local grocery business</i>		
<i>All of the above</i>		
<i>Family entertainment</i>		
<i>Grocery Store</i>		
<i>none</i>		
<i>Unknown</i>		
<i>Bar & Grill for craft beers</i>		
<i>I am unsure of what services are available in the first place</i>		
<i>Not familiar enough to know</i>		
<i>More restaurants with seating inside it</i>		
<i>I have never been there</i>		
<i>well-known shops I usually visit</i>		
<i>Small upscale restaurants</i>		
<i>More restaurants with eating inside it</i>		
<i>Better quality restaurants with outdoor seating</i>		
<i>Never been - probably will never go</i>		
<i>Affordable and healthy restaurants</i>		
<i>Additional dining choices / Entertainment options</i>		
<i>Local farmers market, local coffee shops</i>		
<i>Bestbuy, radio shack, walmart, microcenter</i>		
<i>healthy dining</i>		
<i>Parking</i>		
<i>Restaurants</i>		
<i>*note: includes workers</i>		

Table 20 Capture Rates, Neighborhood Respondents, Based on Existing Retail Available

Retail Niche Category	Percent category checkmarks, 2017	Percent Category Checkmarks, 2015
Groceries	23%	78%
Produce	27%	
Health/Body Care	44%	71%
Clothing/Shoes	13%	20%
Jewelry/Gifts	4%	16%
Hardware	14%	36%
Books/Music	16%	7%
Coffee Shop/Bakery	20%	
Restaurants/Pizza	33%	59%
Crafts/Hobbies/Toys	4%	25%
Cards/Office	13%	38%
Electronics	4%	
Home furnishings	8%	
Auto Supplies	37%	
Legal Services	0%	
Insurance Services	19%	
Tax/Accounting Services	10%	
Movies	10%	
Other Family Entertainment	18%	
Beauty/Barber	50%	
Auto Repair	12%	

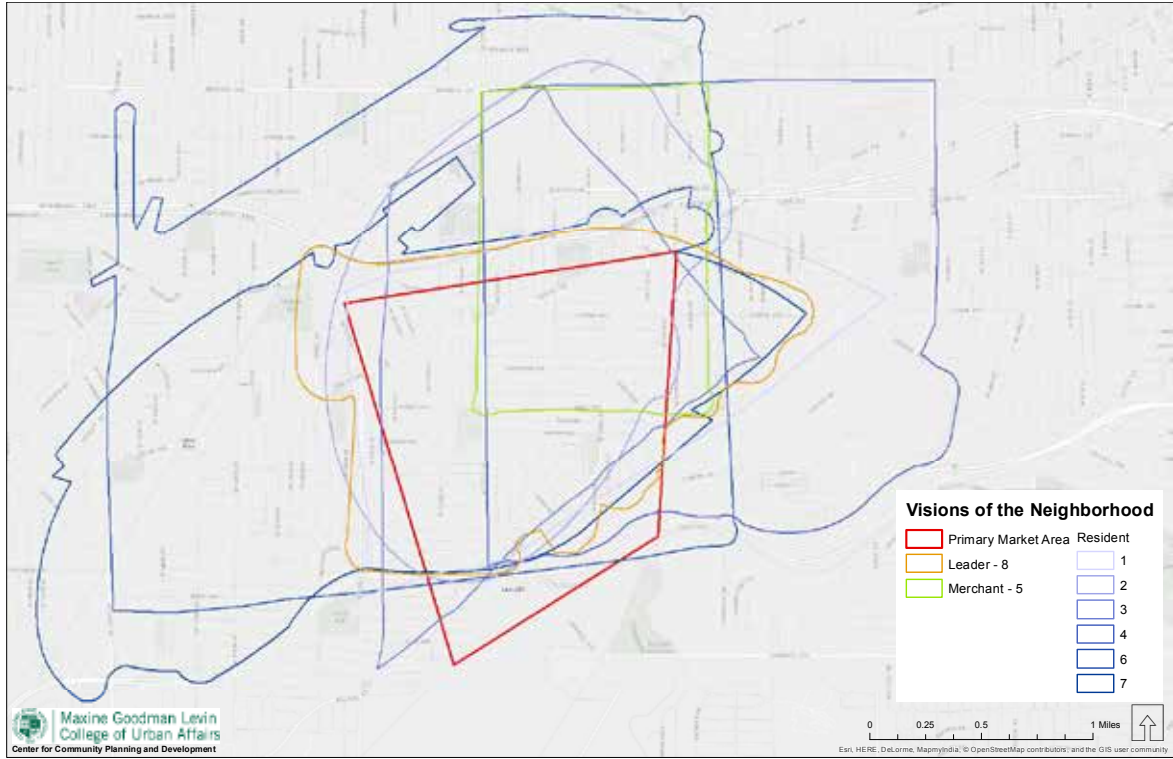
Notes:

Percentages represent the percent of all checkmarks for each good that noted purchases on Lorain Avenue

A separate survey was done in 2015 with an N of 40.

Map 13 Map Survey

A map survey was requested of several local residents, leaders, and merchants to confirm the Primary Market Area identified in the study. Eight respondents were asked to outline their perception of the Variety Village “shopping district” on a map. Responses were aggregated and are color coded by respondent category, and compared to the Primary Market Area used in this study. This information confirms that the Primary Market Area on which the retail market analysis is based is a conservative approximation of the likely resident primary market area served by the District.



9.4 THEATER ADAPTIVE REUSE

The following tables include details about each of the theater adaptive reuse projects located in Ohio. In addition, there is a full spreadsheet with web sites, and theaters elsewhere, available separately.

Name	City	Address	Year Built	New Use	Comments and Details
Arcade Theatre	Akron, OH	1147 S Old Main St	1913	Mosque	Akron Masjid mosque
Shea's Theater	Ashtabula, OH	4632 Main Ave	1949	Renovation in Progress	
Athena Cinema	Athens, OH	20 S Court Street	1915	Classic Films	Classic films. The theatre reopened in February 2002 after a \$2 million renovation paid for by Ohio University which bought the theatre in 2001 for \$600,000.
Holland Theatre	Bellefontaine, OH	127 E Columbus Ave,	1931	Theater	39,000sqft. Open, undergoing renovations. Grant from the Ohio Cultural Facilities Commission
Pastime Theater	Berea, OH	70 Front Street	1914	Bakery	Dick's Bakery
Cla-Zel Theatre	Bowling Green, OH	127 N Main St	1926	Night Club	Night Club. Club Encore
Scottish Rite Auditorium	Cambridge, OH	935/941 Wheeling Ave	1937	Fraternal Hall	Fraternal Hall
Newsreel Theatre	Cincinnati, OH	1301 Western Ave	1933	Small Theater, part of Museum	Cincinnati Museum Center
20th Century Theater	Cincinnati, OH	3021 Madison Rd	1941	Special Events	Special Event Venue
Bond Theater	Cincinnati, OH	4906 Reading Rd	1941	Synagogue	Synagogue
Woodward Theater	Cincinnati, OH	1404 Main St	1908	Theater	and backstage area. Preserve the velvet seats. Tiffany Chandelier and sky ceiling mural were cleaned and preserves as well as original windows and floors. \$797 SHTC.\$3 million from different donors. \$1.5 million from Hamilton County. \$2 million
Rialto theater	Cleveland, OH	W 25th Street	1919	Ice Cream Production and Retail	13,325 sqft. 1,300 seats. Mitchell's icecream shop, headquarters and production kitchen. Renov. 2013. \$6 million. Used SHTC. Exterior repairs, adaptation of the interior, incorporation of energy saving features (solar panels, system to reuse rainwater for non-potable uses).
Main Street Theater	Columbiana, OH	5 N Main St	1952	Café and Theater	Encore Café. It's on the side, the theater itself was renovated but sits empty
Garden Theater	Columbus, OH	Short North Stage	1920	Theater	Seats 138. Still undergoing renovations
King Arts Complex	Columbus, OH	867 Mount Vernon Ave	1925	Arts Center	Cultural Center. King Arts Complex
Falls Theater	Cuyahoga Falls, OH		1925	Micro-brewery and restaurant, apartments	1,000 to 630 seats. 2016. Transform the theater space into a microbrewery and restaurant. The commercial and apartment spaces will be renewed for their original intent. \$1.27 million. \$250k tax credits
Historic Gaslight Theater	Georgetown, OH	301 S Main St	1907	Cultural Center	Cultural Center
Lyrical Theatre	Greenfield, OH	140 S Washington St	1926	Veterinary Clinic	Veterinary Clinic
Renaissance Theatre	Mansfield, OH	138 Park Ave W.	1927	Performance Center	Fully restored historic movie palace featuring theater, music, dance & comedy performances.

Name	City	Address	Year Built	New Use	Comments and Details
Mayland Theater	Mayfield Heights, OH	Mayfield Road	1948	Sports Bar, Arcade, Eatery	Theater closed in early 1990s and turned into Barnes and Noble which closed in 1999. Sat vacant at least until 2005. Has been different restaurants ever since. Barnes and Noble turned into restaurant, closed in 2014, now a sport bar, arcade and eatery called "Play"
Sorg Opera House	Middletown, OH	55 Main Street	1891	Performance Space	SORG proposes to revitalize and operate the Sorg Opera House as a multi-purpose, multiple genre venue and as a catalyst for community economic development and partnerships within.
Apollo Theater	Oberlin, OH	19 East College Street Oberlin	1913	Movie Theater and workshop Space	2009. New Marquee and ticket booth. Lobby was expanded reducing the theater space, adding a concession stand. Old multiple wall treatments were removed and earlier decorative wall patterns were restored. Upgraded seats. Store fronts transformed into screening room and the Apollo Outreach Initiative Workshop. Upstairs transformed into a Multi-Media Center for the OCSP. \$1 million. Oberlin Alumni. funded partly with SHTC. Movie theater, Oberlin's Cinema Studies Program . Owned by the college/operated by Cle Cinemas.
Beach Cliff Theater	Rocky River, OH	19300 Detroit Rd.	1937	Restaurants/ Taverns	1300 seats. 2007. Theatre's original marquee, and old marquee signage serves as a menu board for the tavern. Directly behind the bar lies the theatre's original exterior brick wall. Looking up at the lofted ceiling in the rear dining room, guests can still view the movie theatre's original projector ports. Redeveloped in the early 2000, has been running as several restaurants ever since. Gamekeepers tavern, The Pub and currently Burntwood tavern, Beachcliff Market Square
Tecumseh Theater	Shawnee, OH	114-116 West Main Street	1907	Public Assembly Space	The building was saved from the wrecking ball in 1976 by a group of local citizens who have worked to raise funds over the years through a variety of avenues to return this historic structure to productive use for citizens of the region. Today, the exterior of the building is completely renovated and home to the Tecumseh Commons on the first floor.
Grand Theatre	Steubenville, OH	121 S 4th Street	1902	Theater	Estimated 6.3 million project
Mayflower theater	Troy, OH	9 W Main St	1927	Arts Center and Gallery	Mayflower Arts Center and Art Gallery
State Theater	Westerville, OH	8 N. State Street	1924	Restaurant now closed	500 seats. 2014 renov. Furniture store (Amish Original Furniture) closed in 2012, building up for sale, turned into
Belmont Theater	Youngstown, OH	1745 Belmont Ave	1948	Storage	Storage
Powers Auditorium	Youngstown, OH	260 Federal Plaza West	1931	Performance Venue	Symphony venue

On the following pages are one-page summaries of the theaters in Ohio.

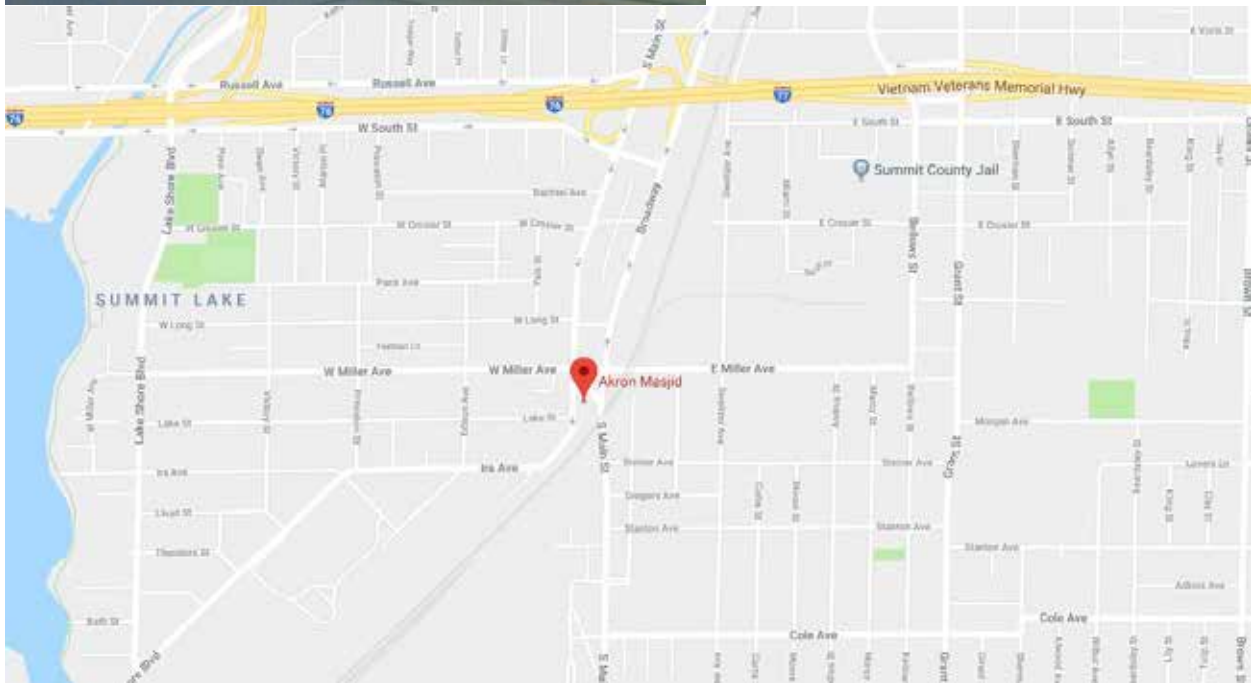
Arcade Theatre

1147 S Old Main St, Akron, OH

Year Built: 1913

Comments and Details: Currently occupied by Akron Masjid mosque

Link: <http://cinematreasures.org/theaters/8990>



Sources: Cinema Treasures, Google Maps

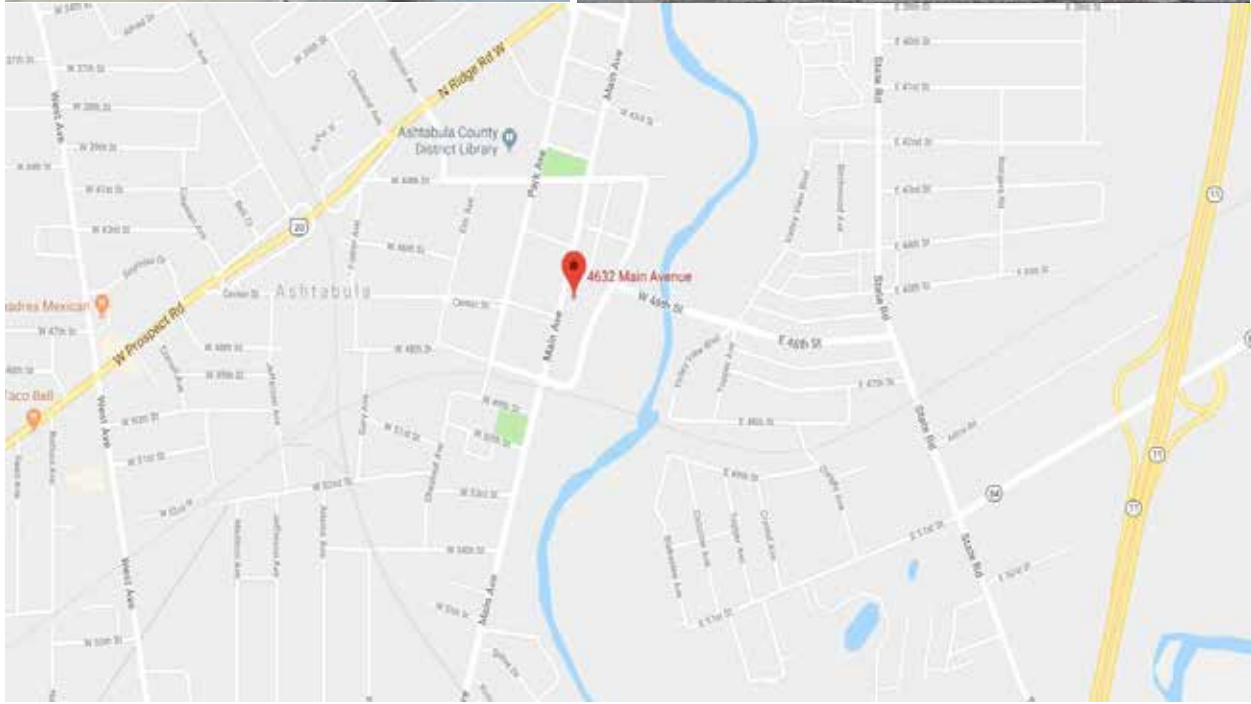
Shea's Theatre

4632 Main Ave, Ashtabula, OH

Year Built: 1949

Comments and Details: Home of a senior center, which owns the building.

Link: <http://bit.ly/21W53Dz>



Sources: Associated Press, Cinema Treasures, Google Maps

Athena Cinema

20 South Court Street, Athens, OH

Year Built: 1915

Comments and Details: The theatre reopened in February 2002 after a \$2 million renovation paid for by Ohio University which bought the theatre in 2001 for \$600,000.

Link: <http://athenacinema.com/>



Sources: Athena Cinema, Google Maps

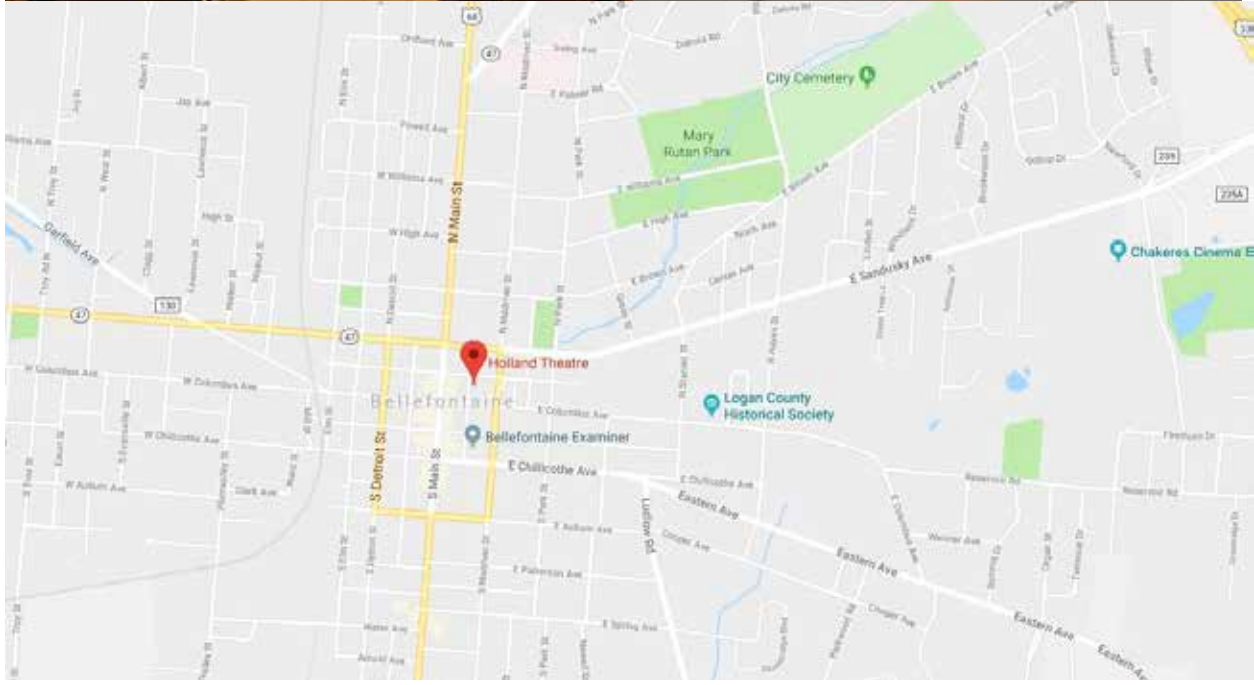
Holland Theatre

127 E Columbus Ave, Bellefontaine, OH

Year Built: 1931

Comments and Details: 39,000sqft. Open, undergoing renovations. Grant from the Ohio Cultural Facilities Commission

Link: <http://thehollandtheatre.org>



Sources: Holland Theater, Wikipedia, Google Maps

Pastime Theatre

70 Front Street, Berea, OH

Year Built: 1914

Comments and Details: Currently occupied by Dick's Bakery

Link: <http://cinematreasures.org/theaters/12551>



Source: Google Maps

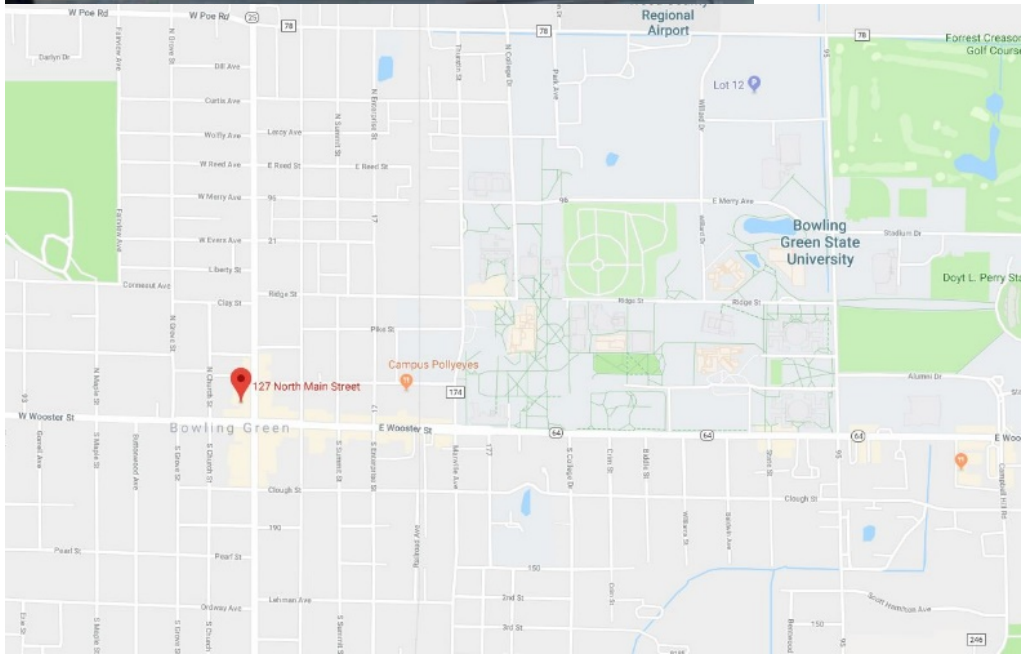
Cla-Zel Theatre

127 North Main St, Bowling Green, OH

Year Built: 1926

Comments and Details: Currently occupied by “an upscale entertainment facility”

Link: <http://cinematreasures.org/theaters/453>



Source: Google Maps

Scottish Rite Auditorium

941 Wheeling Ave, Cambridge, OH

Year Built: 1937

Comments and Details: Today it operates as the Scottish Rite Auditorium, used as Masonic Hall and a rental facility

Link: <http://cinematreasures.org/theaters/27774>



Sources: Fiveprime, Pintrest, Google Maps

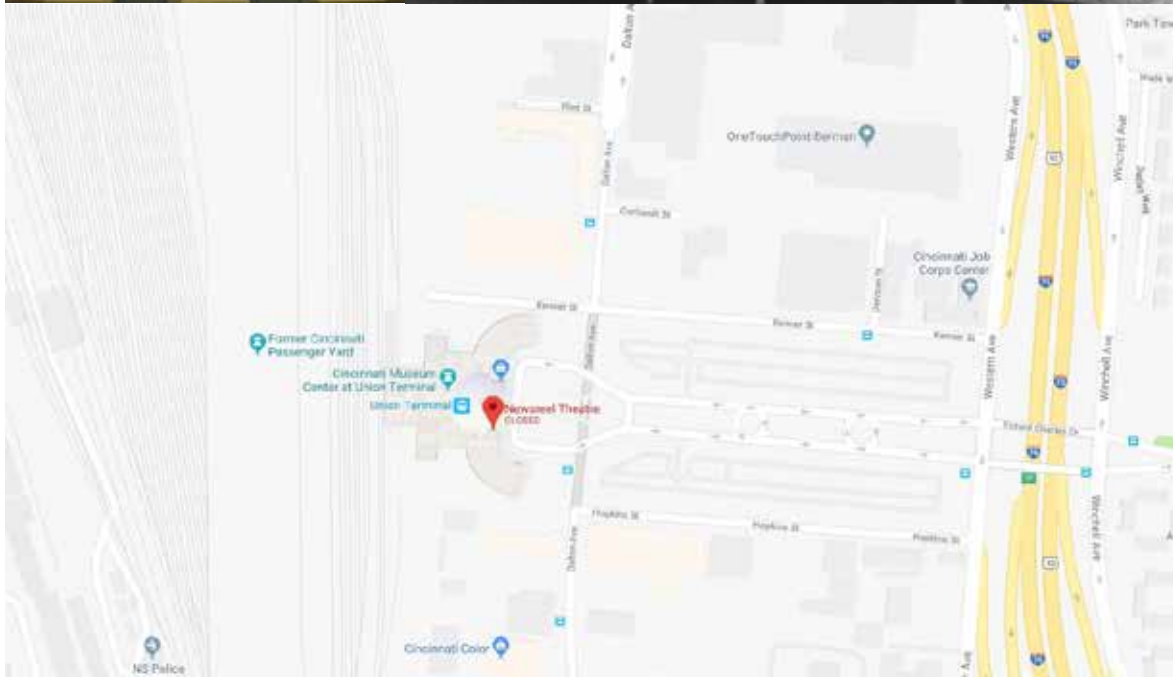
Newsreel Theatre

1301 Western Ave, Cincinnati, OH

Year Built: 1933

Comments and Details: Currently occupied by the Cincinnati Museum Center, part of the Union Terminal project

Link: <http://bit.ly/2Conhnb>



Sources: Cinema Treasures, Pinterest, Google Maps

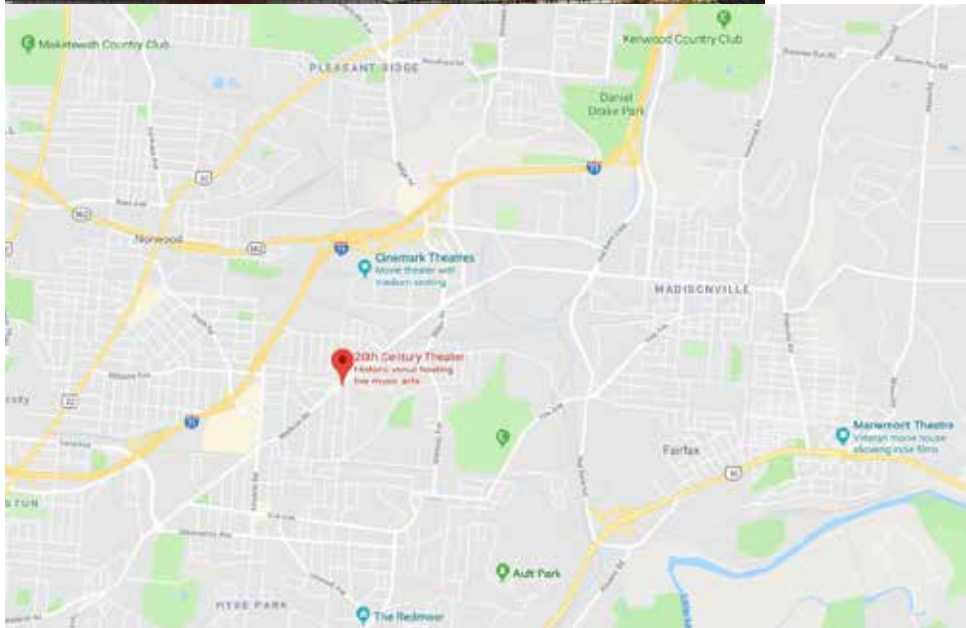
20th Century Theater

3021 Madison Rd, Cincinnati, OH

Year Built: 1941

Comments and Details: Currently a Special Event Venue

Link: <https://www.the20thcenturytheatre.com/>



Sources: Heritage Ohio, Google Maps

Bond Theater

4906 Reading Rd, Cincinnati, OH

Year Built: 1941

Comments and Details: Currently a Synagogue

Link: <http://cinematreasures.org/theaters/23976>



Sources: Cinema Treasures, Google Maps

Woodward Theater

1404 Main St, Cincinnati, OH

Year Built: 1908

Comments and Details: 600 seats. Renovated in 2009. A/C installed, new restrooms, kitchen and backstage area. Preserver the velvet seats. Tiffany Chandelier and sky ceiling mural were cleaned and preserves as well as original windows and floors. \$797 SHTC. \$3 million from different donors. \$1.5 million from Hamilton County. \$2 million from the State Ohio. \$2 million FHTC. 1.2 million NMTC. FifthThird loan

Link: <http://www.woodwardtheater.com/>



Sources: Cinema Treasures, Wedding Spot, Google Maps

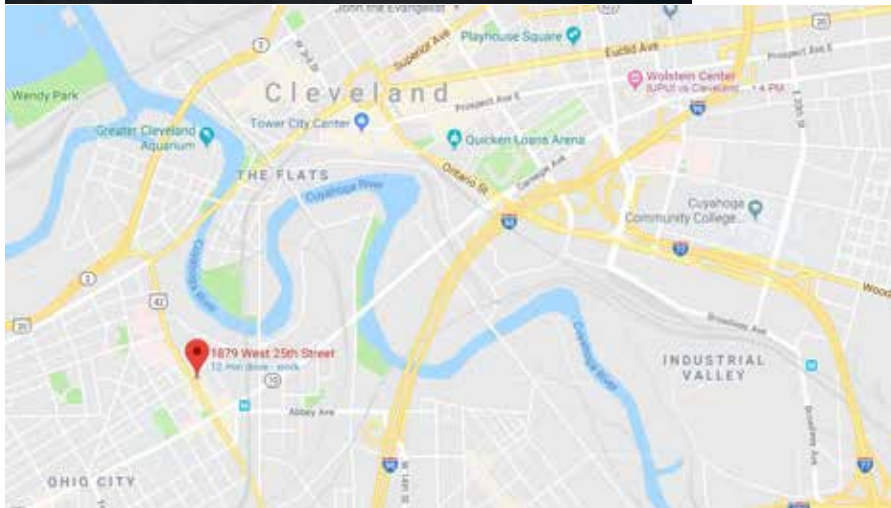
Rialto Theatre

4906 Reading Rd, Cincinnati, OH

Year Built: 1919

Comments and Details: 13,325 sqft. 1,300 seats. Mitchell's ice-cream shop, headquarters and production kitchen. Renovated in 2013. \$6 million. Used SHTC. Exterior repairs, adaptation of the interior, incorporation of energy saving features (solar panels, system to reuse rainwater for non-potable uses).

Link: <http://cinematreasures.org/theaters/22583>



Sources: Cinema Treasures, Google Maps

Main Street Theater

5 N Main St, Columbiana, OH

Year Built: 1952

Comments and Details: Encore Café. It's on the side, the theater itself was renovated but sits empty

Link: mytheatercompany.com/



Sources: Street Theater, Cinema Treasures, Google Maps

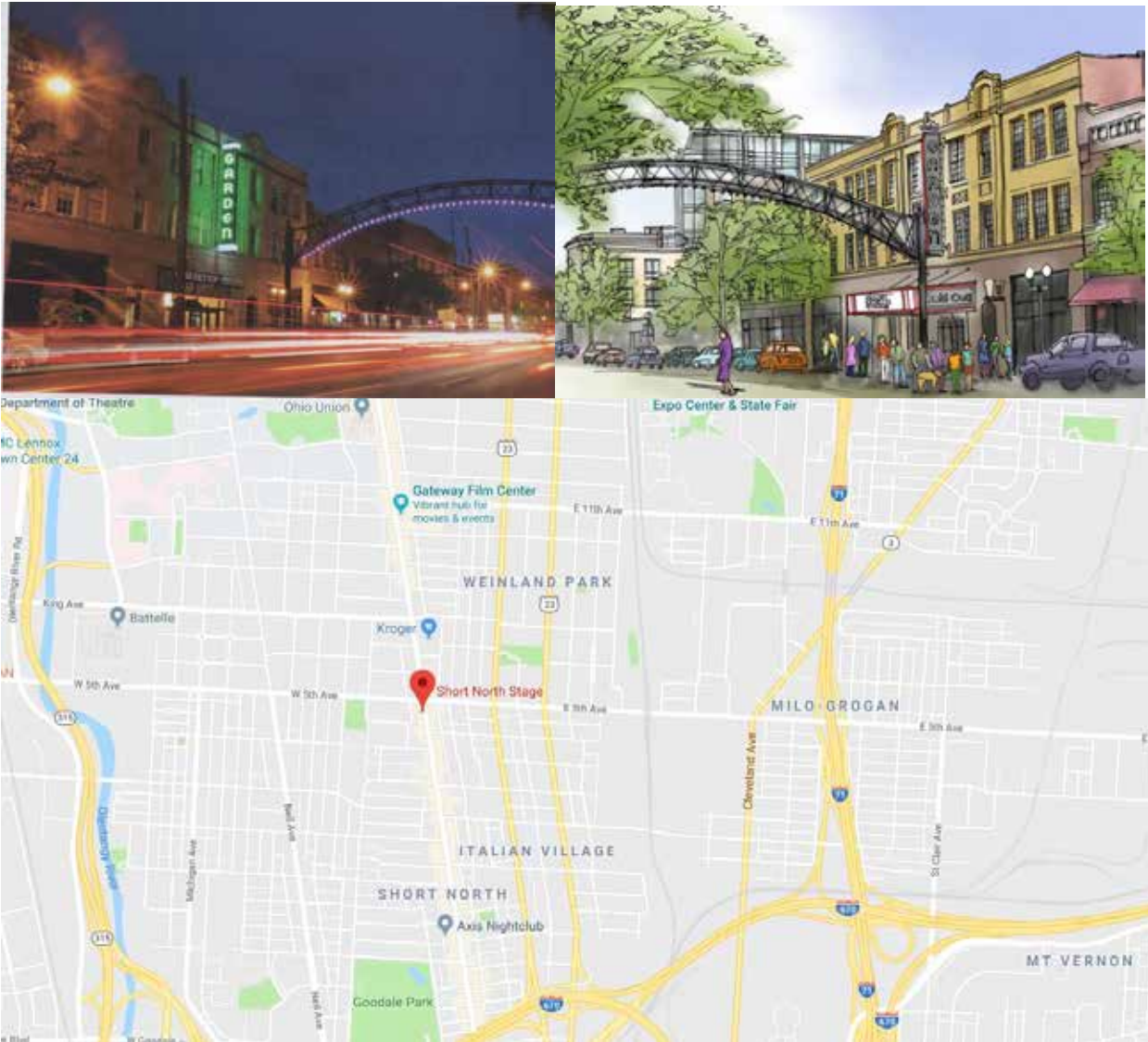
Garden Theater

1187 N. High Street, Columbus, OH

Year Built: 1920

Comments and Details: Seats 138. Still undergoing renovations

Link: <http://www.shortnorthstage.org/garden-theater>



Sources: Cinema Treasures, North Short Stage, Google Maps

King Arts Complex

867 Mount Vernon Ave Columbus, OH

Year Built: 1925

Comments and Details: Cultural Center. King Arts Complex

Link: kingartscomplex.com/



Sources: Bluffton.edu, Google Maps

Falls Theater

2220 Front St, Cuyahoga Falls, OH 44221

Year Built: 1925

Comments and Details 1,000 to 630 seats. 2016. Transform the theater space into a microbrewery and restaurant. The commercial and apartment spaces will be renewed for their original intent. \$1.27 million. \$250k tax credits

Link: <http://bit.ly/2Area3s>



Sources: Cinema Treasures, Patch, Google

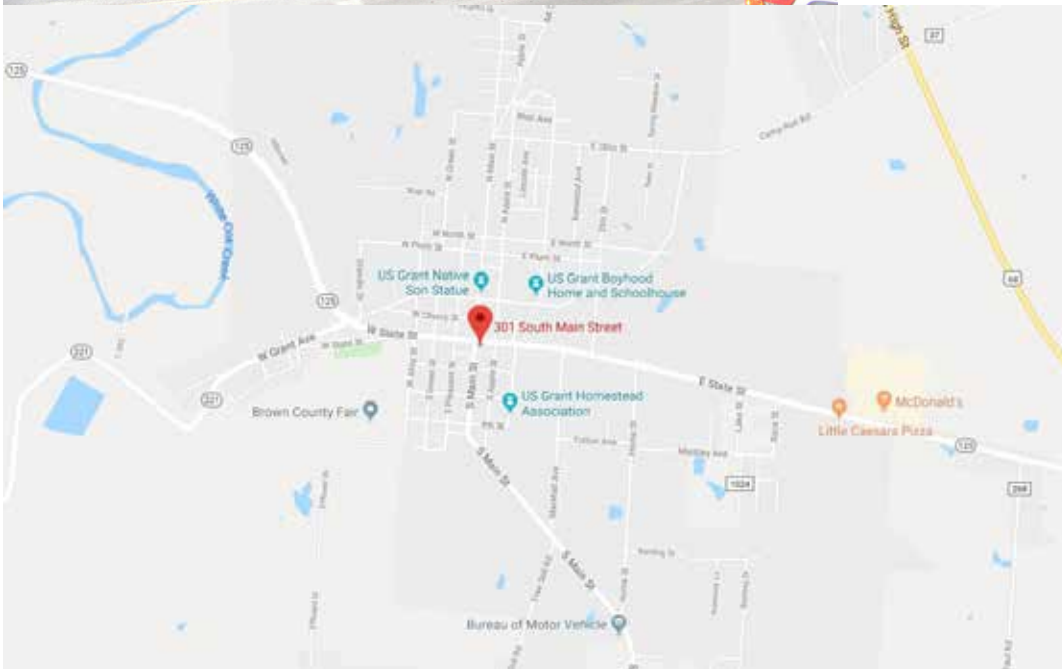
Historic Gaslight Theater

301 S Main St, Georgetown, OH

Year Built: 1907

Comments and Details: Cultural Center

Link: <http://cinematreasures.org/theaters/27233>



Sources: Cinema Treasures, Google

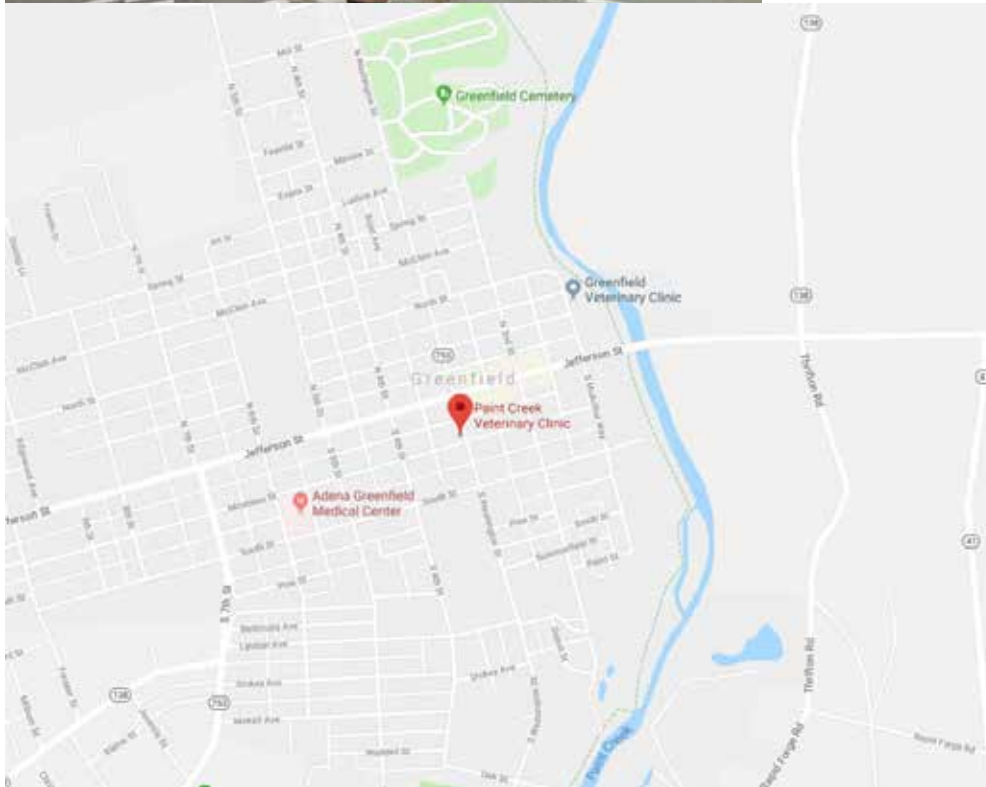
Lyric Theatre

140 S Washington St, Greenfield, OH

Year Built: 1926

Comments and Details: Veterinary Clinic

Link: <http://cinematreasures.org/theaters/44188>



Source: Google

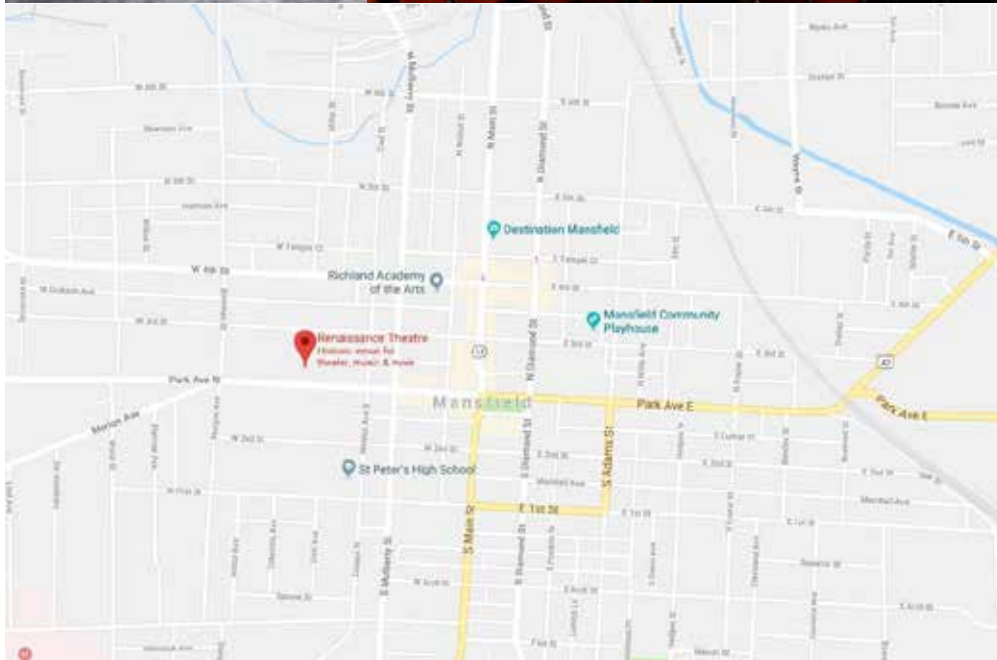
Renaissance Theatre

138 Park Ave W, Mansfield, OH

Year Built: 1927

Comments and Details: Fully restored historic movie palace featuring theater, music, dance & comedy performances.

Link: <http://mansfieldtickets.com/>



Sources: Cinema Treasures, Google

Mayland Theatre

5900 Mayfield Road, Mayfield Heights, OH

Year Built: 1948

Comments and Details: Theater closed in early 1990s and turned into Barnes and Noble which closed in 1999. Sat vacant at least until 2005. Has been different restaurants ever since. Barnes and Noble turned into restaurant, closed in 2014, now a sport bar, arcade and eatery called "Play"



Link: <http://cinematreasures.org/theaters/7394>



Sources: Cinema Treasures, Google

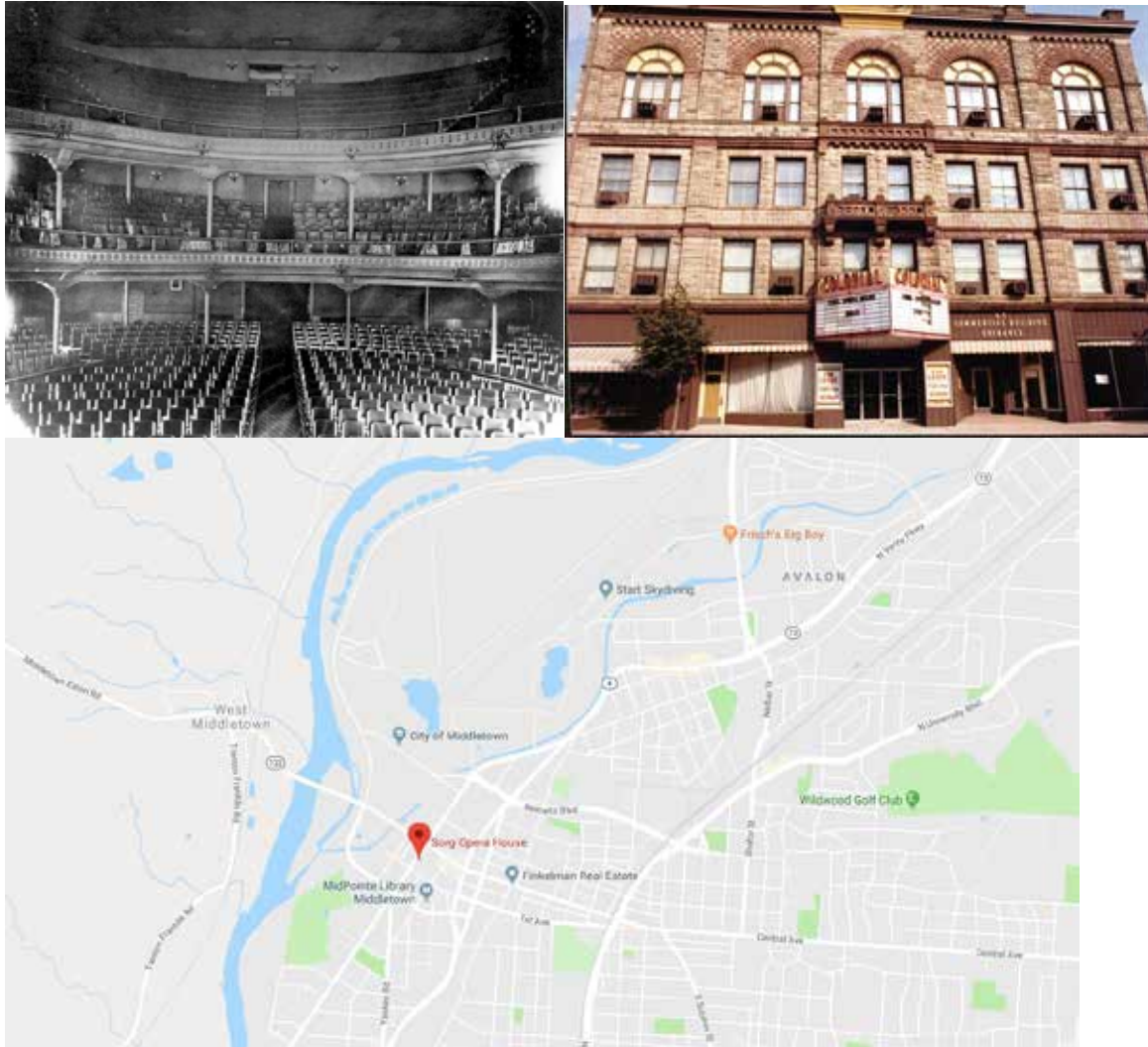
Sorg Opera House

57 S. Main Street, Middletown, OH

Year Built: 1891

Comments and Details: Sorg proposes to revitalize and operate the Sorg Opera House as a multi-purpose, multiple genre venue and as a catalyst for community economic development and partnerships within. Applied for HTC

Link: <http://sorgoperahouse.org/progress.html>



Sources: Cinema Treasures, Google

Apollo Theatre

19 East College Street, Oberlin, OH

Year Built: 1913

Comments and Details: 2009. New Marquee and ticket booth. Lobby was expanded reducing the theater space, adding a concession stand. Old multiple wall treatments were removed, and earlier decorative wall patterns were restored. Upgraded seats. Store fronts transformed into screening room and the Apollo Outreach Initiative Workshop. Upstairs transformed into a Multi-Media Center for the OCSP. \$1 million. Oberlin Alumni. funded partly with SHTC. Movie theater, Oberlin's Cinema Studies Program. Owned by the college/operated by Cle Cinemas

Link: [https://en.wikipedia.org/wiki/Apollo_Theatre_\(Oberlin,_Ohio\)](https://en.wikipedia.org/wiki/Apollo_Theatre_(Oberlin,_Ohio))



Sources: Wikipedia, Google

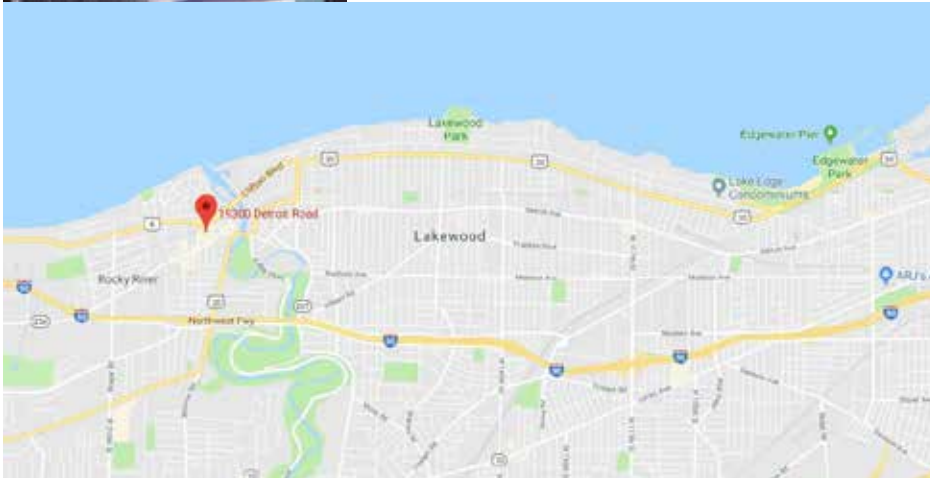
Beach Cliff Theater

19300 Detroit Road, Rocky River, OH

Year Built: 1937

Comments and Details: 1300 seats. 2007. Theatre's original marquee, and old marquee signage serves as a menu board for the tavern. Directly behind the bar lies the theatre's original exterior brick wall. Looking up at the lofted ceiling in the rear dining room, guests can still view the movie theatre's original projector ports. Redeveloped in the early 2000, has been running as several restaurants ever since. Gamekeepers tavern, The Pub and currently Burntwood tavern, Beach Cliff Market Square.

Link: <http://bit.ly/21WMNJc>



Sources: Cinema Treasures, Google

Tecumseh Theater

114 W. Main Street, Shawnee, OH

Year Built: 1907

Comments and Details: The building was saved from the wrecking ball in 1976 by a group of local citizens who have worked to raise funds over the years through a variety of avenues to return this historic structure to productive use for citizens of the region. Today, the exterior of the building is completely renovated and home to the Tecumseh Commons on the first floor.

Link: <https://tecumsehtheater.org/history/>



Sources: Flickr, Google

Grand Theatre

123 S. 4th Street, Steubenville, OH

Year Built: 1902

Comments and Details: Estimated 6.3 million project

Link: <http://www.historicsteubenville.org/Restoration.htm>



Sources: Cinema Treasures, Google

Mayflower Theater

9 West Main Street, Troy, OH

Year Built: 1927

Comments and Details: Currently the Mayflower Arts Center and Art Gallery

Link: <http://www.mayflowerartscenter.com/>



Sources: Cinema Treasures, Google

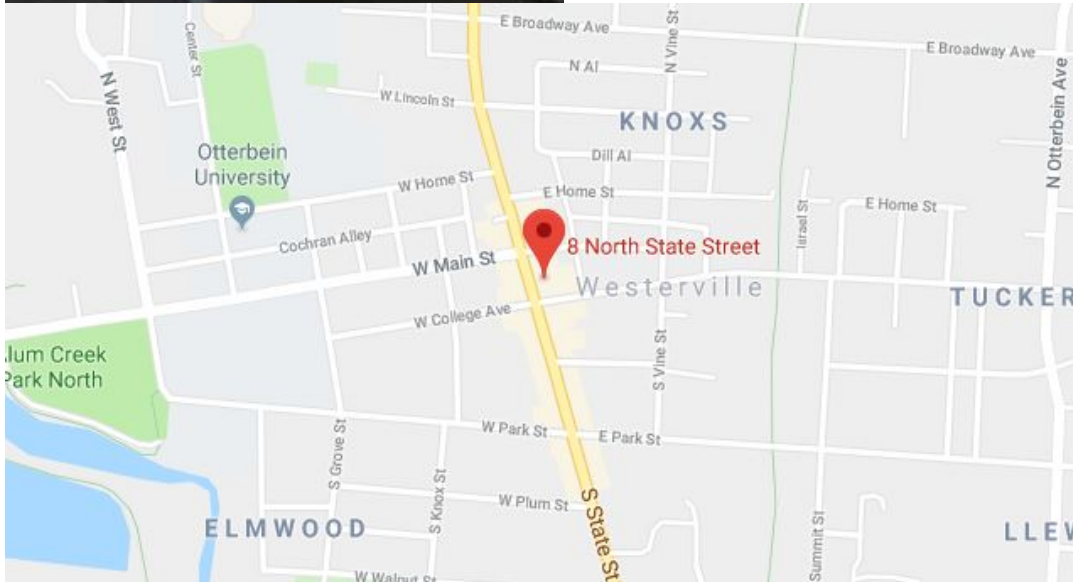
State Theater

8 N. State Street, Westerville, OH

Year Built: 1924

Comments and Details: 500 seats. 2014 renovated. Furniture store (Amish Original Furniture) closed in 2012, building up for sale, turned into restaurant (8 State Bistro), open 2014, closed by summer 2017)

Link: president@westervillehistory.org



Sources: Cinema Treasures, Google

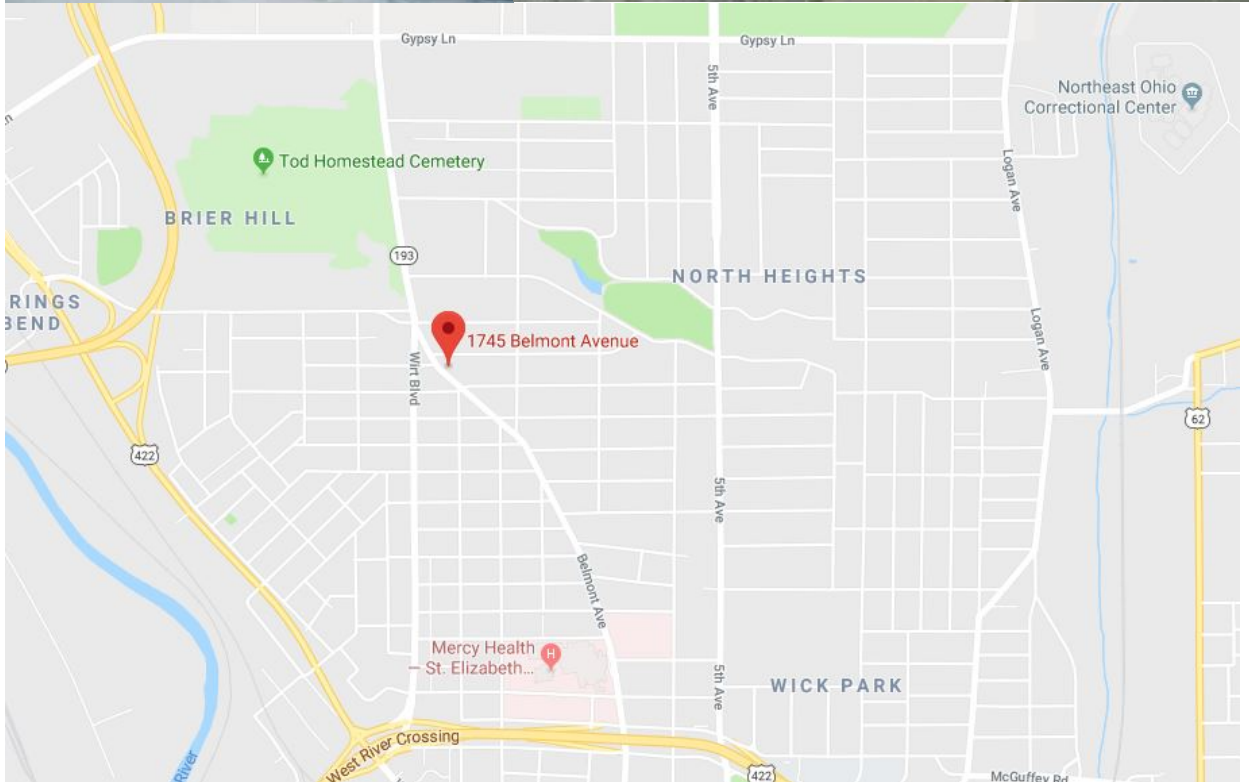
Belmont Theater

1745 Belmont Avenue, Youngstown, OH

Year Built: 1948

Comments and Details: Storage

Link: <http://cinematreasures.org/theaters/33627>



Sources: Cinema Treasures, Google

Powers Auditorium

260 Federal Plaza West, Youngstown, OH

Year Built: 1931

Comments and Details: Symphony venue

Link: <http://cinematreasures.org/theaters/33627>



Sources: Deyor Performing Arts Center, Cinema Treasures, Google

9.5 PARKING LOT IMPACT SUMMARY

1.0 EXECUTIVE SUMMARY

One of Cleveland's historic gems is slated to return to life in the near future, bringing with it revitalization and economic vitality for the diverse Westown neighborhood: the Variety Theatre complex located at 11801-11825 Lorain Avenue. It is listed on the National Register of Historic Places. Its unique and ornate Spanish-Gothic architecture was designed by noted Cleveland architect Nicola Petti. The theatre opened in 1927 as a vaudeville and silent films theatre. From 1927 to 1954, it was owned by Warner Brothers as a first-run Hollywood movie theatre. It remained a movie theatre throughout the 1980s, and in the 1990s the theatre hosted many rock groups including Bono and U2, Stevie Ray Vaughn, REM and Metallica. The complex includes 10 storefronts with a total of 7,500 square feet of rentable space, and 10 second floor apartments. It also features a 20,000 square foot theatre, including stage, orchestra pit, dressing rooms, plus a 350-seat second floor balcony, and a VIP apartment that was reserved for vaudeville stars and celebrities. The project also includes a newly assembled parking lot across the street. This lot would become a community/neighborhood asset, owned by Westown DC, and thus is not directly modeled as a component of the private part of the Variety Village Project.

The complex remains strong in the memories of many native Clevelanders. The planned adaptive reuse for the complex will be known as Variety Village, to include a restaurant and entertainment venue (with full restoration and stabilization of the interior detail), storefront retail shops, **a second story** balcony movie theater, and renovated apartments above. Cleveland restaurateur Tony George of the George Group, owners of the well-known locations including the Harry Buffalo chain, Townhall and Barley House, will build out the theatre and manage it as a restaurant and entertainment venue. The development of the second floor balcony theatre is under pre-development analysis to determine costs of development, management structure and programming as a family cinema. An associated new parking facility conveniently located right across the street will provide 75 parking spaces. The Variety Village project will serve as an anchor and catalyst for revitalization along Lorain Avenue to the east and west, expanding the Variety Village concept. The location's excellent freeway access at West 117th, and location equidistant between the Market District near W. 25th Street and the Kamms Corners commercial center, provides an ample market for increased activity and neighborhood main street vitality. Co-developers of the project include: Westown Community Development Corporation, and Detroit Shoreway Community Development Corporation. The Friends of The Historic Variety Theatre are a project partner.

Cleveland City Councilwoman Dona Brady was instrumental in obtaining City support for restoration and re-lighting of the Theater's marquee in 2015. The complex has garnered state-level and national attention. In 2015, it was awarded \$1.4 million in state historic tax credits; in 2017, \$7.5 million has been committed by the City, County, State, and private sources. In June, 2017, the complex won a national competition supported by Mike Wolfe, star and creator of

History Chanel's "American Pickers" program, and the National Trust for Historic Preservation and was awarded "This Place Matters" national recognition and continues to garner support. The complex is poised to receive a New Market Tax Credit award to close on the current funding gap. "But for" these additional funds, the Variety Village project would remain a dream, not a reality.

Further, none of this development would be possible without presence of sufficient proximate, safe and secure parking to service the anchor tenant –Harry Buffalo. "But for" the presence of the 100 space community parking lot across the street from the project's main entrance, the project could not attract sufficient customers to thrive, substantially lessening any catalytic impacts to the neighborhood.

Particulars on the parking lot: 75 spaces, 7 total lots with 4 buildings (parcels 021-22 -17 through 22, and 021-22-143, as per attached map). Of these, 5 lots and 4 buildings were acquired by Westown and the City of Cleveland. The City placed 2 land bank lots into the project. Total project costs, including acquisition, demolition and site preparation (striping, etc.) are \$1.02 million (see attached Appendix of sources and uses of funds). Westown will own and operate the parking lot for the benefit of businesses in the neighborhood, including those tenants at the refurbished variety theater project. Westown would operate the lot and receive/pay \$1 per year to the City.

Thus, an independent look at the modest \$1.02 million City investment in parking as a crucial aspect of the overall project shows that it is more than justified. If not for the parking lot, the rest of the project would not occur.

This balance of this study outlines the economic and fiscal impacts of the redevelopment of the Variety Village District, comprised of the Variety Theatre Complex, a new public parking lot, 40,000 square feet of new retail along Lorain Avenue, and at least three local industries which are moving to, or expanding their enterprise in, the immediate Westown neighborhood.

The peer-reviewed and popular literature strongly supports the catalytic effect of street "vibrancy" (daytime and evening retail and service activity) in attracting new business, which has been corroborated on this project by interviews with local industry and real estate informants. Up to 20% of industry location decisions have been shown to be related to vibrancy factors, exemplified by nearby retail and dining amenities. Retail market analysis indicates capacity and potential demand on Lorain Avenue for retail expansion. These external catalytic effects will expand the economic and fiscal impact of Variety Village well beyond the direct investment in the project itself.

Analysis of project impacts demonstrate that this \$15 million project will provide 99 project construction jobs through 2019, and 86 project permanent jobs in a stable year (Year 8). However, when the expansion of local industry and retail are taken into account, up to 365

construction jobs and 406 permanent jobs over eight years could be attributable to the project. Including indirect and induced impacts, projected overall impacts will be:

- 406 permanent jobs in Ohio, with 334 of them in Cleveland
- \$22.2 million per year in total economic activity in Cleveland, \$23.4 million in Cuyahoga County, and \$28.6 million in Ohio, in a stable operating year
- \$26.3 million in total economic impacts generated by construction through 2027 (year 8) in Cleveland, \$27.7 million in the County, and \$38.3 million in Ohio
- A net present value positive benefit in fiscal impact over 30 years to the City of Cleveland of \$5.6 million, \$3.9 million to the County, and \$28.9 million to the state of Ohio, with corresponding highly favorable benefit-cost ratios
- A net present value positive benefit in fiscal impact over 30 years to the City of Cleveland of \$4.6 million, with corresponding highly favorable benefit-cost ratio, after the parking lot is considered.
- Net present value positive fiscal benefits to the CMSD of \$2.3 million over 30 years
- Total annual fiscal benefits in a stable year (Year 8) of \$2.7 million (2027 dollars), with total property taxes paid of \$182,580 that year.

The following tables indicate the base project impacts, both economic and fiscal, and the associated total impacts when the larger neighborhood effect (industry and expanded retail) are taken into account. As noted in the full report, the assumption, based on the literature, substantially lower retail vacancy, plus 10% of nearby industry expansion can be attributed to increased street vibrancy catalyzed by Variety Village.

EXPANDED ANALYSIS – INDUSTRY AND RETAIL CATALYTIC ASSUMPTIONS

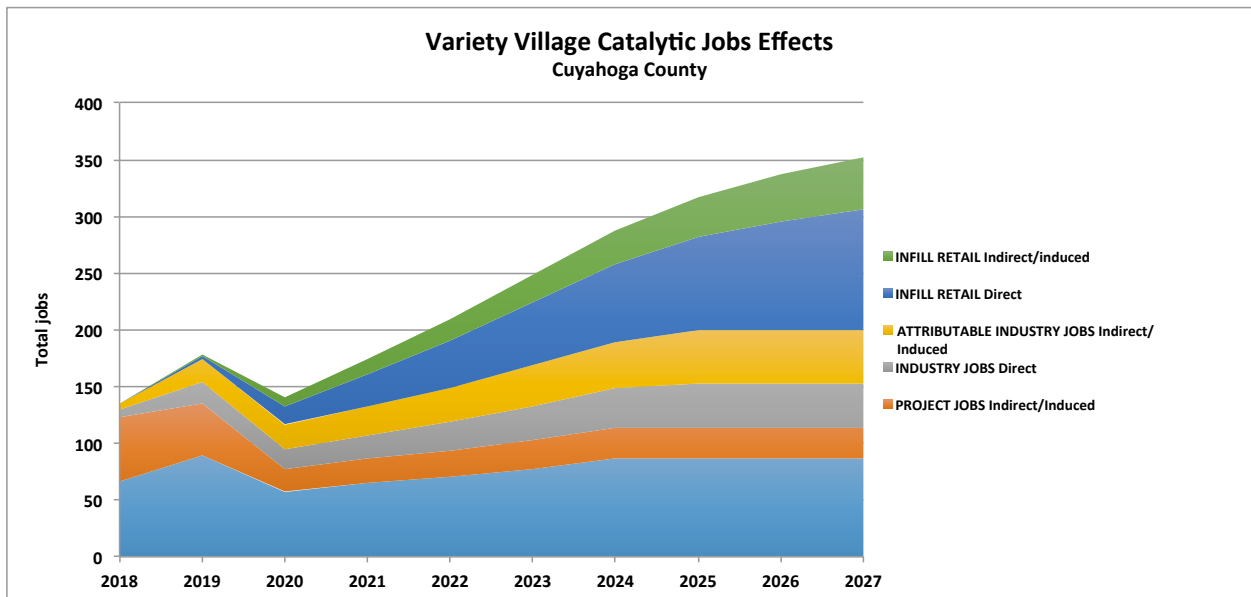
The following summary of all impacts from project and its associated catalytic effects on the Variety Village District retail development, and nearby industry development, is based on assumptions described in the section on Methodology and Approach.

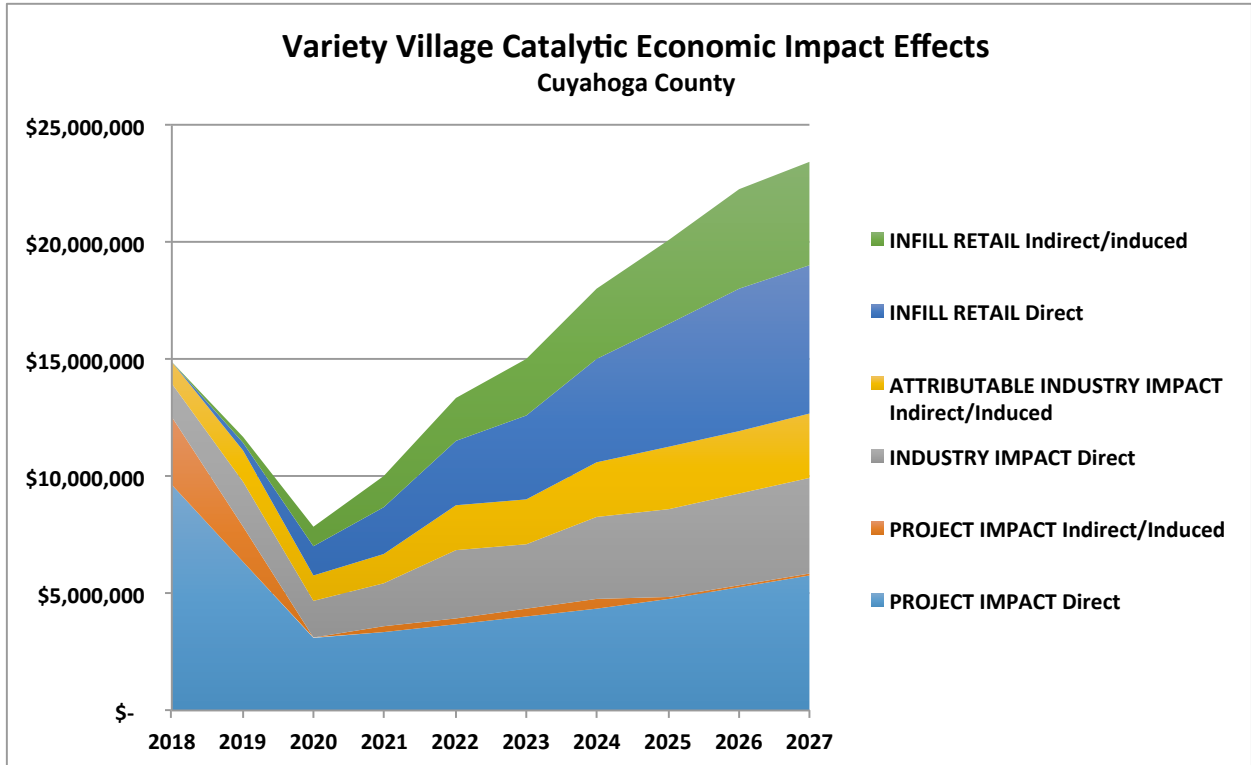
SUMMARY OF ECONOMIC IMPACTS

	Project	City of Cleveland	Cuyahoga County	State of Ohio
Operations Impacts Delivered: Stable Year (Year 8)				
Employment Impacts (FTE)	86	334	352	406
Total Economic Activity	\$ 2,746,316	\$ 22,238,706	\$ 23,409,164	\$ 28,619,012
Personal Income/Earnings	\$ 2,210,550	\$13,330,734	\$14,032,351	\$ 17,234,023
Construction Impacts Delivered: Total (Through Year 8)				
Employment Impacts (FTE)	99	253	266	328
Total Economic Activity	\$15,470,355	\$26,330,210	\$27,716,011	\$ 38,337,887
Personal Income/Earnings	\$ 7,013,325	\$15,474,792	\$16,289,254	\$ 19,845,575

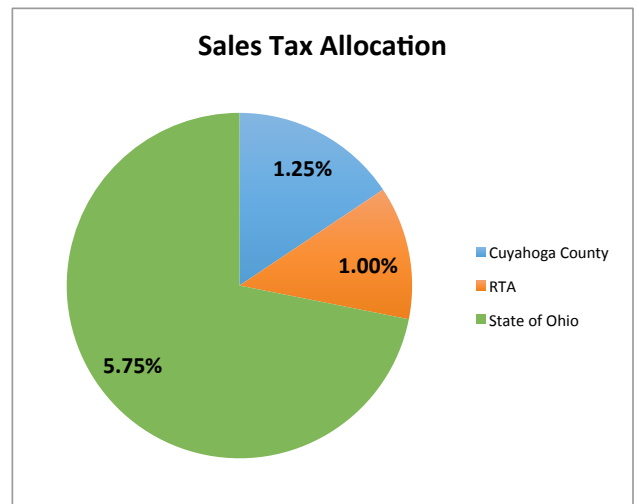
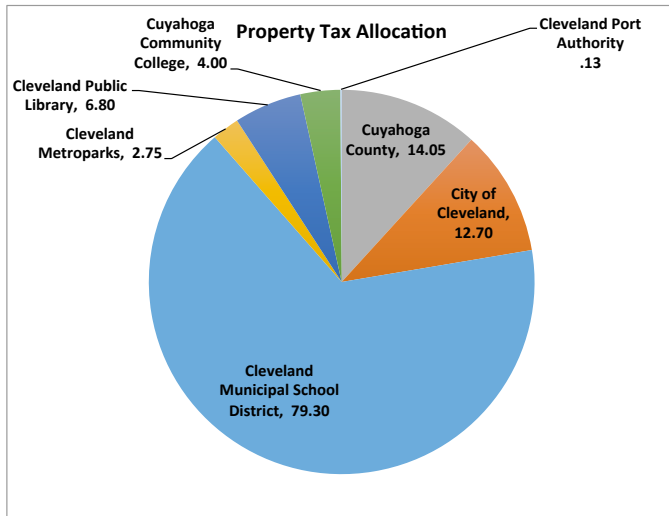
SUMMARY OF FISCAL IMPACTS

	City of Cleveland	Cuyahoga County	State of Ohio	Cleveland Municipal School District	RTA	Others: Metroparks, Library, Tri-C, Port Authority	Total Fiscal Impacts
Revenues: Net Present Value, 30 years	\$ 8,590,951	\$ 7,168,746	\$ 31,096,211	\$ 2,342,400	\$ 3,605,484	\$ 514,123	\$ 53,317,914
Revenues: Stable Year (Year 8)	\$ 419,584	\$ 316,605	\$ 1,583,840	\$ 109,922	\$ 189,000	\$ 24,159	\$ 2,643,110
Costs: Net Present Value, 30 years	\$ 3,001,195	\$ 3,252,383	\$ 2,242,596	--	--	--	\$ 8,496,174
Costs: Stable Year (Year 8)	\$ -	\$ -	\$ 90,677	--	--	--	\$ 90,677
Net Benefit (Net Present Value)	\$ 5,589,756	\$ 3,916,363	\$ 28,853,615	\$ 2,342,400	\$ 3,605,484	\$ 514,123	\$ 44,821,740
Benefit/Cost Ratio (Net Present Value)	2.86	2.20	13.87				





PROPERTY AND SALES TAX ALLOCATION FOR PROJECTS IN THE CITY OF CLEVELAND



VARIETY VILLAGE PARKING PLAN-SOURCES AND USES (FINAL Revised 7/25/17)										
USES	SOURCES								TOTAL LINE COST	PER UNIT COSTS
	City of Cleveland Casino	WCDC - unrestricted funds	City of Cleveland CDBG	City of Cleveland VPI	CCLRC/Environmental studies	CCLRC/Demo Grant	NEORSD/GIG Construction grant	City of Cleveland GO Bond construction grant		
Acquisition Costs										
Land:	\$ 169,000		\$ 188,961				\$ -		\$ 357,961.00	\$ 5,966.02
Predevelopment Costs										
Appraisal:	\$ -						\$ -		\$ -	\$ -
Legal									\$ -	\$ -
Environmental Report:	\$ 8,000				\$ 13,600		\$ -		\$ 21,600.00	\$ 360.00
Site Development										
Off-Site Improvements:	\$ -								\$ -	\$ -
Site Prep and Demo	\$ -					\$ 190,000	\$ -		\$ 190,000.00	\$ 3,166.67
(Permit fees):	\$ -						\$ 5,541.76		\$ 5,541.76	\$ 92.36
(Design):	\$ -						\$ 41,200		\$ 41,200.00	\$ 686.67
Hard Construction										
Construction Costs	\$ -	\$ -	\$ 70,000	\$ -	\$ -	\$ 52,864.30	\$ 236,633		\$ 359,497.19	\$ 5,991.62
Construction Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,550.21	\$ 24,400		\$ 42,950.21	\$ 715.84
SOURCE TOTALS:	\$ 177,000	\$ -	\$ 188,961	\$ 70,000	\$ 13,600	\$ 190,000	\$ 118,156	\$ 261,033	\$ 1,018,750.16	\$ 16,979.17

Parking Lot Layout

