



University Circle stretches its boundaries; leaders focus on building up district, blurring borders

Published: Wednesday, November 16, 2011, 8:00 PM Updated: Wednesday, November 16, 2011, 8:09 PM



By **Michelle Jarboe McFee, The Plain Dealer**

CLEVELAND, Ohio -- Cleveland's space-strapped University Circle district is stretching beyond its borders, reaching for opportunities to spread growth and support to nearby neighborhoods.

Community leaders believe the growing area, anchored by hospitals, museums and schools, could be largely built out within five to 10 years.

Apartments are under construction on **Euclid Avenue** and **Hazel Drive**. A developer hopes to close this month on financing for a **hotel** next to University Hospitals.

And **University Circle Inc.** is plotting projects on properties it controls.

Meanwhile, the nonprofit group is **pushing development** into East Cleveland and exploring ways to shore up residential streets, attract investment and push services into Glenville, Fairfax and Little Italy.

"It's clear that the boundary lines need to be extended or UCI's brand needs to be expanded beyond what we call University Circle," said Wes Finch, a developer who partnered with the group to build the **CircleEast** apartments in East Cleveland.

It's a new strategy - blending University Circle Inc.'s desire to drive growth in Cleveland with its goal of bringing in more money from real estate and fees.



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Construction is under way at the CircleEast apartment project in East Cleveland. The \$5 million project is a joint venture between The Finch Group, a private developer, and University Circle Inc. The nonprofit aims to blur the borders of University Circle and spread growth and support into East Cleveland and the Glenville, Fairfax and Little Italy neighborhoods.

By becoming a partner in real estate deals, the nonprofit aims to be less dependent on money from local foundations.

And by offering services to nearby communities and businesses, the group sees ways to fill gaps left by cutbacks in city services during rough economic times.

"This is more of a way to integrate the Circle into the surrounding neighborhoods," said Steve Standley, chief administrative officer for University Hospitals and a UCI board member who helped craft a new five-year plan the group will discuss at its **annual meeting** Thursday.

"You really have disparity as you leave the Circle," he added. "It's not the old town-and-gown, trying to take over and tear everything down concept. That's not what this is about."

For decades, University Circle Inc. focused on its standalone police department and its land bank, amassing property that institutions often used for parking.

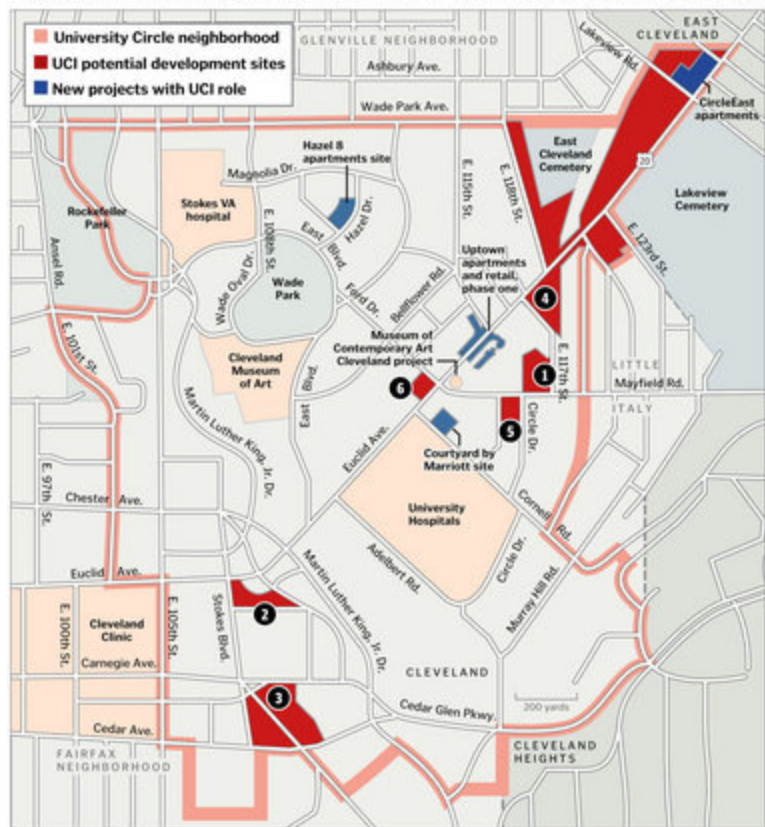
Now the nonprofit, which has an annual budget of roughly \$9.5 million and \$40 million in assets, sees itself differently: As a developer, a neighborhood advocate and a service provider.

Digging deeper into real estate

That shift is evident in the group's approach to real estate.

As a land seller, owner or investor, University Circle Inc. has a hand in projects including the Uptown neighborhood, east of Ford Drive and Mayfield Roads; the planned Courtyard by Marriott hotel; the **Hazel 8** apartments near the Western Reserve Historical Society; and the CircleEast apartments in East Cleveland.

Dominated by hospitals, museums and educational institutions, University Circle is short on space for private development. The leaders of University Circle Inc., a nonprofit group, believe the district will be built out within five to 10 years. Now the nonprofit is trying to shape the future of the few project sites it controls, while reaching outside the neighborhood's boundaries to grow as a developer and service provider.



- 1 Lot 45:** Likely mixed-use project. University Circle Inc. is considering three proposals from developers. The potential uses include apartments, with a parking garage and retail, and offices.
- 2 Circle Gateway:** Potential blend of office and nonprofit uses. An architect is working on a site plan that includes 30,000 square feet of offices for small firms, a visitors' center and the Children's Museum of Cleveland, already on the property.
- 3 Stokes Boulevard:** A real estate consultant recommends building a blend of traditional offices, medical offices and labs. The site could hold 400,000 square feet of offices. University Circle Inc., which owns most of the property, hopes to solicit proposals next year.
- 4 East End:** A corridor with multiple owners and property types. A consultant recommends homes on East 118th Street, with apartments and condominiums over retail space on Euclid Avenue. Toward East Cleveland, residential sites could give way to offices, warehouse space and retail.
- 5 Cozad-Bates House:** Part of this historic house will be an interactive exhibit related to the abolitionist movement in Cleveland. The rest of the building could become a restaurant or wine bar, a bed and breakfast or a museum.
- 6 Commodore Place:** UCI hopes to come up with a plan next year for this apartment building, where 75 percent of the units are federally subsidized. An agreement with the U.S. Department of Housing and Urban Development is up for renewal in 2012. The building might shift toward market-rate apartments or student housing.

SOURCES: University Circle Inc.; Abrego Realty Advisors; Plain Dealer research
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University Circle Inc. looks to build up, grow beyond the district.

The economy and financing challenges delayed or altered several plans. Still, developers have been able to find private and public money to build on job growth in University Circle.

"Two things are exciting from a developer's perspective," said Ari Maron, whose family is building apartments and retail at Uptown. "One is the market. The second thing that I think is equally exciting is this collaboration that's started to emerge among the institutions and foundations and UCI. Everyone's working together to create a very supportive environment for developers to do what they do."

University Circle Inc. is considering proposals from three local developers - **Coral Co.**, **Snively Group** and **NRP Group** - to build on Lot 45, a property on Mayfield Road, west of the railroad tracks that border Little Italy. The land, now a parking lot, could be the site of a \$30 million to \$100 million development involving apartments, retail, a parking garage and, possibly, offices.

UCI President Chris Ronayne and his staff are eyeing prospects for six other sites in the neighborhood. University Circle Inc. owns more than 10 acres of the property, including a high-profile slice at the Circle's western gateway, at Euclid and Stokes Boulevard.

Other land and buildings may be ripe for redevelopment, but the sites come with challenges ranging from multiple owners to the high cost of acquiring land in an urban district.



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WXZ Development Inc., based in Fairview Park, is building the Hazel 8 apartments in University Circle. University Circle Inc. owns the land underneath the project and chose the developer.

"What's happening now, and what UCI is getting ahead of, is that the employment market is starting to drive real estate decisions that haven't been made in a long time," said Russell Lamb, a principal with **Allegro Realty Advisors**, which is studying the six sites.

"The most recent developments have been made by institutions primarily serving their own needs. Now we're seeing, in the last 12 months, the more investment-oriented

or speculative-oriented mindset."

Early reports from Allegro explore offices along Stokes; homes and retail near East 118th Street; and a wine bar, bed and breakfast or museum in the historic Cozad-Bates House on Mayfield Road.

The house also would be a stop on **Circle Walk**, an elaborate walking tour University Circle Inc. hopes to install in 2013.

Developing a model for services, support

Just beyond its borders, University Circle Inc. is talking to neighboring communities about spurring development and providing police, street-cleaning crews and shared business services, such as group contracts for recycling or paper and supplies priced at discounted rates.

"We believe we're developing a model with potential replicability," Ronayne said. "We run this corporation as if it's a small suburb."

Some University Circle property owners already pay for services including extra security, snow-plowing and marketing. As University Circle Inc. considers offering them to other communities, the group also plans to explore a more formal arrangement within its boundaries.

These arrangements, called **special improvement districts**, are funded by property owners and designed to supplement city services. They've met with success in **downtown Cleveland** and other markets. But the fees, often tacked onto property-tax bills, can be a harder sell in institutional districts where nonprofits don't pay real estate taxes.

In East Cleveland, Mayor Gary Norton is talking with Ronayne about giving the University Circle Police Department authority across city lines. Such a deal would require approval by East Cleveland's City Council.

Tracey Kirksey, executive director of the **Glenville Development Corp.**, hopes University Circle Inc. can help her neighborhood group make residential streets more stable and attract affordable housing and retail.

But, she added, "They can't cure the ills of the East Side. One project at a time is how we're going to get there."

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