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Rebuild Cleveland sees modular construction as a fix for Cleveland's housing woes

MICHELLE JARBOE

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From left to right, Chris Grimaldi, Seth Task and Ilya Palatnik of Rebuild Cleveland stand inside their unfinished first home in early October. The trio sees modular construction as a way to address the housing shortage and bring swift change to city neighborhoods.

In late July, workers lifted the halves of a bungalow off truck beds and set them on a new foundation on Colgate Avenue, on Cleveland's West Side.

Within hours, the two-story structure was enclosed and secure – though it would take a few more months to install countertops, finish the floors and build out the upstairs.

The house, now complete, is the maiden project for Rebuild Cleveland, a new company that sees modular construction as a potential solution to the city's shortage of modern, high-quality homes.

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Launched by a real estate agent, a general contractor and a mortgage-industry veteran, Rebuild Cleveland has its eye on dozens of lots on both sides of the Cuyahoga River. Its founders have an even bigger vision: establishing a manufacturing plant in Cleveland to pump out homes. Such a factory could boost affordability, allow for more customization and put city residents to work.

“We are 5.5 million units short of demand in this country,” said Seth Task, a company co-founder who also leads a team at Berkshire Hathaway HomeServices Professional Realty. “And we can’t build fast enough. We can’t build in the price points that people need. Which is why we’re doing this.”

It’s too early to say whether modular construction can be a significant salve for the city’s housing woes. There are only a few projects on the drawing board – and a handful of completed houses. But public officials are interested in ways to make construction swifter and less costly.

“I think we have to look at new housing typologies like modular homes because they can be produced affordably,” said Sally Martin O’Toole, the city’s building and housing director. “And it’s very difficult to do new construction that’s affordable.”

Rebuild Cleveland isn’t the only player in the nascent space. The Community Rebuilders, based in Willoughby, has erected five modular homes on Fenwick Avenue near West 44th Street. And Greater Cleveland Habitat for Humanity is looking at modular construction to deliver on its pledge to build 50 homes in five city wards over the next several years.



Developers say the homes, which are crafted in factories and assembled on-site, can be tough sells in urban environments. It’s not always easy to place them on narrow city lots, where builders must reckon with overhead power lines and underground surprises, like the remains of old basements. Modular projects also can meet with pushback from planners concerned about whether the home styles and materials fit with the surrounding neighborhood’s aesthetics.

Then there’s the confusion about what modular housing is – and isn’t.

“We have to get rid of the bad rap that modular has,” Task said. “Because modular is not manufactured. Manufactured is a different classification. This is not a mobile home.”



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Workers were putting the finishing touches on the modular home at 7500 Colgate Ave. in Cleveland in early October. The three-bedroom bungalow is listed for sale at \$339,900.

Task's partners in Rebuild Cleveland are contractor Chris Grimaldi, of Grimaldi Property Management, and Ilya Palatnik, a CrossCountry Mortgage executive vice president who runs a branch downtown.

Their first project, at 7500 Colgate Ave., is a tidy, white home with three bedrooms and two-and-a-half bathrooms. It has a basement, a detached garage and a layout that allows first-floor living, something that can be hard to find in a city full of older residences.

At 1,653 square feet, the house is listed for sale at \$339,900. That's not much less than the price of new stick-built homes in nearby neighborhoods. Local builders said the cost savings on modular housing aren't huge unless you're putting up several homes at the same time. The major advantage is efficiency, the ability to deliver a project in three to four months – or less.

"It's a little cheaper, but it's a lot faster," said Gene Mulligan, the project manager for the Community Rebuilders. That's especially important in city neighborhoods, where vandalism and theft can be big challenges on construction sites, he said.

The Community Rebuilders sold its **modular homes** on Fenwick in 2021 and early 2022. The two-story bungalows commanded \$230,000 to \$295,000, public records show.

The company tabled its plans for a sixth home on the street because of soaring interest rates, which priced out prospective buyers. But Mulligan is pursuing other potential projects.

“On urban infills, conventional stick building is antiquated,” he said.

Rebuild Cleveland acquired its first batch of properties from the city’s land bank and the Cuyahoga Land Bank, or Cuyahoga County Land Reutilization Corp. The company has identified potential sites for 64 additional homes in the Detroit Shoreway, Cudell and Collinwood neighborhoods.

There are 30,000 vacant lots in Cleveland. The city controls about 60% of them.

Councilman Mike Polensek, who represents the Collinwood area, said he has been pushing builders to consider modular construction for years. Most of his constituents can’t afford to pay \$400,000 or \$500,000 for a new house. Older homes are much cheaper but don’t always meet buyers’ needs.

“We need affordable housing for our folks,” he said. “If not, we’re just going to see more and more people going in to rent. And I’m just concerned at the percentage of people now who are no longer homeowners. We’ve got to create stakeholders. We’ve got to create homesteads where people can live, where families can live and invest.”



Gus Chan

Chris Grimaldi of Rebuild Cleveland opens a drawer in the kitchen of the company's first new home in early October. The modular house is now complete.

Task believes that Rebuild Cleveland can drive down pricing by offering a variety of floor plans and, eventually, bringing production in-house. He and his partners also have been seeking incentives to offset costs. The trio missed out on gap financing from the city early this year. That subsidy would have kept the price of the Colgate Avenue bungalow at just under \$300,000.

Rebuild Cleveland is sourcing homes from Skyline Champion Corp., a major player in the industry. The trio's first house came from a factory in western Pennsylvania. Other models might come from a facility in Sugarcreek, Ohio, roughly 90 miles away.

Task is fine-tuning plans for colonials, townhouses and a 943-square-foot ranch, which will have two bedrooms, one bathroom and a first-floor laundry area.

"We want to be building dozens of houses a year, if not hundreds," he said.

Habitat for Humanity, meanwhile, is proposing a 10-home development in Collinwood, on city-owned land at East 164th Street and Grovewood Avenue. That project is part of a **larger revitalization initiative** that the city seeded with federal pandemic-recovery money.

Ideally, the Collinwood houses will be modular ranches, said John Litten, the nonprofit's CEO.

"I think within the next month we'll know a lot more about our trajectory and the city's openness to the idea," he said, adding that talks with officials have been encouraging so far.

Joyce Pan Huang, the city's planning director, said her department wants to see housing at a range of price points. She's generally supportive of adding modular construction to the mix.

"The working theory is that the modular nature of it creates more affordability, and we know that construction costs and interest rates are still very high right now," she said. "Overall, we're on board with it. I think the key things are the zoning considerations and design review."

Painesville-based builder Bo Knez is considering modular projects elsewhere in Ohio – in Sandusky, Athens and near Hocking Hills State Park. But those houses will be short-term rentals designed for tourists and travelers, not-for-sale properties aimed at owner-occupants.

Knez, whose stick-built houses in Cleveland start in the mid-\$300,000s, said he would be concerned about site constraints and design hurdles in the city. He's also skeptical about the costs.

For the right builder, under the right conditions, modular construction can save money, said Dennis Roberts, the Cuyahoga Land Bank's director of real estate development. The quasi-governmental organization has put up a few modular homes in Maple Heights and Warrensville Heights. The first two houses sold at a loss, which wouldn't be palatable for a private builder.

"The way I view it, it's one tool that can be effective in a specific circumstance," Roberts said. "It's like a Phillips screwdriver. When you need a Phillips screwdriver, that's the tool."

After learning by doing with their first project, the Rebuild Cleveland team is committed to the model. Task, a former president of the Ohio Realtors trade association and a director for the National Association of Realtors, points to the widespread housing crunch and the local scarcity of builders, skilled laborers and materials.

“It’s needed,” he said of accelerating reinvestment in city neighborhoods. “It’s necessary. And we can do it.”

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