

DRAFT



City of Willowick
BOARD OF ZONING APPEALS

Wednesday, December 10, 2025 at 6:30 PM
City Council Chambers

ADA NOTICE

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify the City of Willowick at 440-585-3700 at least three working days before the meeting.

MINUTES

CALL MEETING TO ORDER

Chairman Koudela called the meeting to order at 6:30 p.m.

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT

Chairman Nick Koudela
BZA Member Phil Yarleets
BZAMember Tom Flaisig
BZA Member Debbie Clarke
BZA Member Rich Hill

CHAIRMAN SWEAR IN APPLICANT(S) & AUDIENCE MEMBERS WHO WILL BE GIVING TESTIMONY.

The Chairman swore in applicant's and audience members who will be speaking to the Board.

APPROVAL OF MINUTES

1. Board of Zoning Appeals Minutes - October 8th 2025

Motion made by BZA Member Yarleets, Seconded by BZA Member Clarke to approve the October 8th, 2025, Board of Zoning Appeals meeting minutes.

Voting Yea: Chairman Koudela, BZA Member Yarleets, BZA Member Clarke

Voting Abstaining: BZAMember Flaisig, BZA Member Hill

BZA CASES

2. Case No. 25-17 Shoregate Towers NS LLC/Vijal Ponnezhan

Mr. Ponnezhan stated that they are a family owned company that owns and manages multi-family properties throughout the Midwest, and are currently in the process of purchasing Shoregate Towers. Their portfolio model is that they have over 6000 units in 7 states, and they buy for long term. They are currently looking to purchase Shoregate Towers and completely renovate it and keep it for long term. They are looking for a variance for the escrow of 150% to 100%. The amount needed is around \$11,500.000, which would be close to 17,000.000 at

150%. These renovations may take over 2 years. They would like to use a Pledged Asset Line of Credit instead of a traditional escrow account. He said in the package he provided there is a letter to confirm that he has a Pledged Asset Line of \$12,435,867.44. They would lose about \$2,000,000.00 in revenue over 2 years by using a traditional escrow account. This account is made up of preferred stocks, bonds and cash which is equivalent to cash. There is no sunset clause which means if it takes over 2 years the funds will always be there.

They will be transparent with the City and provide revenue reports quarterly or monthly to the City and Council showing that the funds are still there and status updates.

With this account they don't have to request funds and wait to pay vendors and contractors, which will allow them to get the best contractors and work because they will be getting paid without waiting.

The company is paying for all repairs and renovations with cash. There will be no loans or financing. They are also paying for cash at closing for the buildings.

Chairman Koudela asked Sean Brennan, Chief Housing & Zoning Inspector if he can explain the point of sale escrow process.

Mr. Brennan stated this is not a typical point of sale due to the large amount of money involved. The most the city ever had to escrow was from a place down the street and that was over \$100,000.00. In a single family dwelling the point of sale consists of a sewer dye test, CO2 detectors, sidewalk & driveway apron, and any outstanding property maintenance violations. In order to escrow these items there would need to be a written estimate by a contractor and once approved a letter from the title agency stating that 150% of funds will be held in escrow and not to be released until the City of Willowick authorizes the release. Obviously in this scenario there are millions of dollars involved.

Chairman Koudela asked what happens if a new owner refuses to have the work done. Example a new roof. What would happen then. Mr. Brennan said they would have to get a search warrant to make the repairs, and/or go through the court system.

Mr. Koudela asked what would happen if there is no cash to draw on because part of it is stocks & bonds. Mr. Ponnezhan stated the money will always be available.

Mr. Yaretts stated that since the Board doesn't have the ability to check this company's background or credibility has the City done this, and does the City feel comfortable that this will be a project that will go through.

Ms. Gwartz, Law Director for the City said that so far they have done everything that Sean has asked them to do. They have acquired properties like this before in similar status. They don't provide public housing. She doesn't expect it to be luxury apartments, but a nice safe living environment.

Mandy Gwartz stated that herself, Sean and Mayor Vanni were happy with the fact that Vijai and his Father came and spoke with them. They explained that they still own all of the properties that were purchased and brought their Maintenance Manager with them that has been with them over 20 years and have employees that have been with them for many years, which shows longevity. They are happy with the prospective buyers. Ms. Gwartz also explained that they would be losing over \$2,000,000.00 with a traditional escrow account. These are unusual variance requests due to the large amount of money and the nature of property. They are doing

these repairs without even being the owners as of yet, and City is good with these variance requests.

Ms. Gwartz also stated that many contractors are hesitant to work on this property due to unpaid projects from the previous owners in the past. With this Line of Credit, they know they will be getting paid regularly. She and Sean Brennan looked through all of the estimates provided in the package by Mr. Ponnezhan and everything looks good.

Ms. Gwartz stated that the buildings are currently only 30% occupied. At one time they were at 90% occupancy with rent was around \$750.00 per month which is unusually low for this area and brought in less desirable occupants by attracting people who couldn't afford to rent anywhere else. The Police Department was there several times a day. The receivership did not rent out any apartments after the occupants moved out. The occupants that are still there now are all people that we want to be there. People that are on social security or a fixed income that are good renters.

Ms. Gwartz asked Mr. Ponnezhan the company's plan to rent right away. Mr. Ponnezhan stated once they close in mid to the end of February they will begin repairs on occupied units and common areas. They cannot rent any units until even the balconies are done and inspected by the Engineer. They will also work on the façade, garage and inside.

Ms. Clarke asked how repairs will be done with occupied units. Will the residents have to move to a renovated unit? Mr. Ponnezhan stated that they will be given that choice, but if they do move they will be considered new residents and will lose their current rent amount as it will be increased. If they stay they will make the necessary repairs that are required while the occupants are residing in the unit. Ms. Clarke asked that if down the line it looks like things aren't going good on the reports can the City then make them open a traditional escrow account. Ms. Gwartz said no not once the variances are granted.

Mr. Flaisig asked if the City will be liable if the violations and repairs are not done. Ms. Gwartz said no, they can request an extension; however, we don't have to grant the extension and take action from there.

Ms. Gwartz asked Mr. Ponnezhan if they are prepared to make these repairs without a large percentage of rentals knowing they won't be making any income on them. Mr. Ponnezhan stated yes, they are aware of what they're getting into. They have expertise in these problems in other properties. Mr. Ponnezhan also said they work with Fannie Mae taking over properties. Even with an auction like this they would have to approve a buyer like them. They're not just going to hand it over to someone who can't handle a project like this. They have a good relationship with several people at Fannie Mae and they consider them a preferred buyer. They come to them regularly with assets like this that are not necessarily an auction but other properties. They approve them and they have a great track record to show this that's why they have no problem to work with them on this project. That will explain their background.

Mr. Koudela asked about the account numbers being wrong. Mr. Ponnezhan said he just put a holder there and forgot to come back to it. The correct account numbers are on the Line of Credit Letter.

Ms. Gwartz asked Mr. Ponnezhan what their plan is to rent out units. Mr. Ponnezhan said they have already been reaching out to engineers and everything will be done simultaneously and start first on occupied units & common areas. When the weather breaks they will start on the outside. They will repair the façade and garage.

#1 -Motion by Mr. Yarletts, Seconded by Ms. Clarke grant a variance of in the application of Section 1355.05(e) of the Codified Ordinances to not have to deposit monies in escrow for specific point of sale violations at 30901-30951 Lakeshore Blvd. Shoregate Towers NS LLC/Vijai Ponnezhan, Dynasty Properties LLC. Vote: All ayes. Motion carried.

#2 – Motion by Mr. Flaisig, Seconded by Mr. Yarletts to grant a variance for Shoregate Towers NS LLC/Vijai Ponnezhan, Dynasty Properties Inc to use an asset line of credit letter from Charles Schwab Bank for the sum of \$12,435,867.44 for the specific point of sale violations and to provide the City with quarterly statements showing fund availability untill all violations are resolved in the application of Section 1355.05(e) of the Codified Ordinances at 30901-30951 Lakeshore Blvd. Vote: All ayes. Motion carried.

NEW BUSINESS

None

OLD BUSINESS

None

ADJOURNMENT

Motion made by BZA Member Flaisig, Seconded by BZA Member Yarletts.

Voting Yea: Chairman Koudela, BZA Member Yarletts, BZA Member Flaisig, BZA Member Clarke, BZA Member Hill

Nick Koudela, Chairman

ATTEST:

Jennifer Quinn, Secretary