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Shaker Heights project showcases redevelopment obstacles

Seed money for deal hard to put together

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A new Shaker Heights redevelopment deal was so tough to put together, someone had to die to make it happen.

Inheritance taxes supplied nearly \$2 million that the city used to buy eight old buildings on Chagrin Boulevard and package them for a developer. Crescendo Properties of Valley View will purchase and renovate the stores and offices under an agreement that City Council approved Monday.

Inheritance taxes are anything but steady, however. Cleveland and its inner-ring suburbs want redevelopment money they can take to the bank.

The cities say they need money to buy land, demolish buildings and set the stage for redevelopment. Unless government acts as the middleman, developers will keep flocking to open land in the outer suburbs, officials say.

Cuyahoga County mayors want to put together a redevelopment fund but lack start-up money. Shaker Mayor Judy Rawson has led the call for a \$25 million to \$50 million fund that would be replenished with taxes from projects and focus initially on Cleveland and its inner-ring suburbs.

Shaker's project illustrates some obstacles to redeveloping older cities. For example, the buildings had different owners with different demands. The city haggled with them for a year and half.

"The fragmented ownership is a big issue," said Crescendo partner Michael Cantor. "The kind of investment we're making in this retail district wouldn't be feasible if we had to do it building by building."

The city failed to reach agreements for six buildings on the same strip because asking prices were too high, Economic Development Director Patrick Campbell said. Shaker Heights did not threaten eminent domain. Officials hope the improvements to neighboring structures will prompt the owners to fix up or sell.

Crescendo will pay \$560,000 for the seven buildings; the city will tear down the eighth building. Campbell said the trade-off for losing money on the sale is up to \$2 million in renovation to old buildings.

"The buildings have good bones," Campbell said. "But there hasn't been a significant reinvestment in them for 20 years, maybe 30 or 40."

The developers will uncover and clean up stone fronts and other features of the buildings, which were built between 1933 and 1953. Cantor said the project will have the "old-town boutique feel" that new developments try to duplicate. Shaker wanted to preserve the buildings.

The project will complement more than \$60 million of city and private investment in the surrounding area, including renovation of Shaker Town Center shopping plaza, planned construction of 150 loft-style condominiums and a new fire station. The city cleared the path for the condos by buying and knocking down six apartment buildings.

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