



SHAKER HEIGHTS

Memorandum

To: Members of City Council
From: Laura E. Englehart, Director of Economic Development
cc: David E. Weiss, Mayor
Matthew Carroll, Chief Administrative Officer
William Gruber, Director of Law
Date: February 23, 2026
Re: Fourth Amendment to Development & Use Agreement for the Van Aken District

The Economic Development Department requests City Council approval of a fourth amendment to the Development & Use Agreement (D&U) between the City and the developer of the Van Aken District. This amendment would:

- (1) extend the developer's exclusive purchase option on the development site at the northwest corner of Chagrin Blvd. and Warrensville Center Road (the "Corner Property") through August 10, 2029 (the current end of the developer's right of first refusal period);
- (2) remove any and all right of first refusal;
- (3) upon exercise of the purchase option, require the developer to pay a purchase price of \$140,420.81 (which is equal to half the City's cost of moving an existing CEI line out of the Corner Property); and
- (4) extend the developer's obligation to provide a plan for Shaker Plaza through August 10, 2030, two years after the current end of the right of first refusal period.

As you know, the phased Van Aken District development was thoughtfully planned with significant community engagement over many years. Phased development remains in progress.

- The first phase of new development officially opened in 2019 with 100,000 square feet of retail, 60,000 square feet of office space, and 103 apartments all centered around a public park and immediately adjacent to the blue line rapid transit station.
- The second phase of development, called the RAYE, opened in early 2025 with 228 luxury apartment units, bringing a new housing option to Shaker, creating significant activity on a long-vacant parking lot, and adding density to further the success of the greater Van Aken District. The significantly larger scale and iconic design of the RAYE, combined with the effects of the global health pandemic, led to design and construction timelines that went beyond those anticipated in the original D&U.
- Simultaneously, the City moved forward and selected another development partner via a competitive Request for Proposals (RFP) process for a third phase of development on the long-vacant former Qua Buick site, 3393 Warrensville Center Road. Construction of the Arcadia mixed-use development project will house 141 apartments (including 25 units set

aside for households earning 80-100% of Area Median Income), second floor office space that will house RDL Architects, and first floor retail wrapping a ground-level parking garage. Construction began in the second quarter of 2025. It is slated for completion by early 2027.

- The Corner Property has long been slated to be a future phase of development. Under the original D&U, this site was originally planned to include additional mixed-use development featuring an office tower with active ground floor uses and more parking. Despite some economic recovery after significant pandemic-driven market disruptions, today's market conditions and office environment will still not support construction of a new office tower. Additional time is needed to evaluate development options and plans for this site. Furthermore, extended timelines for the two prior phases have also lengthened the time horizon for development of the Corner Property.
- Future development phases may also include reinvestment in or redevelopment of Shaker Plaza (which is owned by the developer of the Van Aken District) as well as additional prospective sites east of Warrensville and south of Chagrin.

The Van Aken District developer's exclusive option to develop the Corner Property recently expired and the developer currently holds a Right of First Refusal (ROFR) for the site. During this ROFR period, through August 10, 2029, the City would not likely be able to successfully market the site and work with a new developer to purchase and develop the Corner Property while being required to offer the same development option to our current developer partner. We also continue to have a good working relationship and positive conversations about future District development with our long-term partners at the Van Aken District.

Request and Recommendation

To align the timing of Corner Property development with prior phases, in consideration of economic and market conditions, and in light of our long-standing working relationship with the Van Aken District developer, the Economic Development Department recommends a fourth amendment to the D&U to extend the Van Aken District developer's exclusive purchase option through August 10, 2029 (the end of current right of first refusal period) and to remove all rights of first refusal. Additionally, the purchase price for exercising the option would increase from \$100 under the current D&U to \$140,420.81 to help the City recoup its costs to move a CEI line located within the Corner Property. Finally, to better align with a new phased development timeline, the proposed fourth amendment to the D&U would also extend the timeline for the developer to provide a future plan for reinvestment in and redevelopment of Shaker Plaza to August 10, 2030.

The Neighborhood and Economic Development Committee unanimously recommended approval of this item at its meeting on January 14, 2026. The committee discussed the basis for changing the purchase price to be half the utility line cost as an effort to try to recoup some of the city's typical predevelopment costs. Additionally, in response to committee inquiries, staff discussed how the developer, The Max Collaborative (formerly RMS), has shown commitment to conducting the necessary market studies and other predevelopment evaluations to propose an alternative mix of uses for the site. No proposed plans have been submitted at this time.

The Finance Committee unanimously recommended approval of this item at its meeting on January 20, 2026. In response to a committee member question about why the Right of First Refusal would

be eliminated, staff confirmed that the proposed extension of the developer's option would extend through the end of the current ROFR period, effectively replacing the ROFR.

The Economic Development Department requests Council approval a fourth amendment to the Development & Use Agreement (D&U) as described above. This item is requested on first reading to provide certainty in an uncertain market and prevent delay in executing the amendment.

ORDINANCE NO.

BY:

Authorizing a fourth amendment to the Development and Use Agreement with Van Aken Shopping Center Ltd. ("VASC") to extend VASC's exclusive option to purchase the City-owned property at the northwest corner of Chagrin Blvd. and Warrensville Center Road.

WHEREAS, in Ordinance No. 16-02, enacted on February 22, 2016, this Council authorized a Development and Use Agreement (the "D&U") with Van Aken Shopping Center Ltd. ("VASC"), an affiliate of RMS Corporation, which Agreement was effective on August 12, 2016, for the first phase of the Van Aken District Development Project (the "Project"); and

WHEREAS, the D&U was amended three times pursuant to the authority granted by Council in Ordinance No. 16-137, enacted on December 19, 2016, in Ordinance No. 17-03, enacted on January 23, 2017, and in Ordinance 22-73, enacted on July 11, 2022; and

WHEREAS, the City and VASC have agreed to a fourth amendment of the Development and Use Agreement in furtherance of several provisions of the Agreement, and to extend the exclusive option to VASC to purchase the City-owned property at the northwest corner of Chagrin Boulevard and Warrensville Center Road (the "Corner Property") from August 10, 2024 to August 10, 2029, and to remove all rights of first refusal; and

WHEREAS, the purchase price for exercising the option would increase from \$100 under the current D&U to \$140,420.81, to reimburse the City for a portion of the cost to pay the Illuminating Company to move a high-voltage electric service line providing power to the GCRTA rapid transit station, which is currently located under and would be a hindrance to the development of the Corner Property, and the amendment would also extend the timeline for VASC to provide a plan for redevelopment of Shaker Plaza to August 10, 2030.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Shaker Heights, State of Ohio:

Section 1. The Mayor is hereby authorized to enter into a fourth amendment of the Development and Use Agreement with Van Aken Shopping Center Ltd. substantially as set forth in this Ordinance. Said fourth amendment shall be in the form as approved by the Director of Law.

Section 2. This ordinance shall take effect from and after the earliest time allowed by law.

Enacted

Approved this ____ day of _____, 2026.

DAVID E. WEISS, Mayor

Attest:

MATTHEW P. CARROLL
Clerk of Council

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