



City of Shaker Heights Department of Economic Development

SUMMARY OF PRIORITIES AND GOALS

CITY COUNCIL WORK SESSION
AUGUST 8, 2022

Economic Development Priorities

This presentation summarizes:

- Business Growth and Support
 - Attraction, Retention, Expansion
 - Business support services
- Long-Term Commercial District Redevelopment and Revitalization

Priorities not included in this presentation:

- Partnership with Shaker Heights Development Corp (SHDC)
- Community Development
 - Community Network Building in Moreland; Neighborhood Engagement
 - Home Repair Grant Programs

Approach is Grounded in Long-Term Planning

Strategic Investment Plan (2000)

- Commercial areas lack character and quality of residential neighborhoods
- Identified commercial areas as problem areas; stated principle to “focus financial resources and design energies on agreed problem areas”
- Stated goals include offering:
 - “a vibrant mix of quality commercial businesses and distinctive stores and restaurants that serves all economic groups and attracts local and well as regional markets.”
 - “a wide range of well-maintained housing that is accessible to a variety of income levels and household types, and that accommodates people of all ages and physical abilities.”

Economic Development Plan (2010)

- Served as update to Strategic Investment Plan
- Restated City’s commitment to commercial development and placemaking in and around commercial districts
- Key Findings include (excerpts):
 - Diversify the City’s tax base
 - City needs more business-proactive policies
 - City lacks quality office space; needs to develop office space
 - Need to provide financial incentives to (1) commercial property owners to modernize and (2) attract segment-specific businesses
 - Generate density required to support the types of amenities – restaurants and retail – our community is clamoring for
- Proposes variety of action items and policy interventions to enhance City’s business activity

2021-2022 City Goals (excerpts)

Financial Health & Sustainability: Includes goal to “increase the tax base by maintaining and increasing high quality housing and commercial development.”

Human Capital & Talent: Vibrant commercial districts and our small business community and amenities contribute to the City’s goal to “attract and retain a diverse resident population...”

Quality Housing: Invest in both new and existing housing to ensure that a diversity of high-quality and well-maintained housing types are available to residents. Encourage both reinvestment in older housing and the growth of additional attractive housing types to meet the needs and desires of current and future residents across a wide spectrum.

Economic Development: Develop and maintain vibrant commercial districts through public/private partnerships and other innovative approaches.

We prioritize **Greenspaces & Public Spaces** in commercial district development, and we promote **Environmental Sustainability** with the business community and in development.

Economic Development Today – By the Numbers

363

businesses operate
in Shaker

87

new businesses
opened since 2018

12

loans

\$2M

financed

SBA Partnership
Program

17

projects

\$375K

invested

Storefront Renovation
Program

16

projects

\$1.6M

loaned

Vision Loans
awarded

Business Growth and Support

- Attract new businesses to the City of Shaker Heights
- Retain existing businesses and encourage business expansions
- Provide targeted business and development incentives
- Engage and establish positive working relationships with local businesses
 - Serve as City liaison to businesses; help businesses navigate City processes
 - Connect Shaker businesses to available regional support and resources
 - Respond to business inquiries
 - Support Business Association activity
 - Engage Shaker businesses in events as appropriate to promote business vitality in the City
- Storytelling and marketing
 - Shop Shaker – “buy local” campaign
 - Monthly Business News to all Shaker businesses
 - Quarterly Community Economic Development Update e-Newsletter

Focus on Diversity, Equity and Inclusion in Economic Development

- City of Shaker Heights DEI Mission Statement:

To be diverse, equitable and inclusive in all we do, including our service delivery, decision-making, policies, and community engagement, for all in our community now and in the future.

- Be Intentional and Proactive about DEI in Economic Development

- Be open for business to people of all colors and genders
- Provide business opportunities for underrepresented populations
- Prioritize incentive support to minority and underrepresented business owners
- Explore new, creative approaches to support minority businesses

Van Aken District Entrepreneur Initiative

- The Van Aken District as “a classroom for entrepreneurs”
- Targeted to provide opportunities for people of color, women, and all under-represented entrepreneurs to showcase ideas, products, services in the Van Aken District
- Led by Van Aken District, with support from local and regional business support ecosystem



<https://thevanakendistrict.com/entrepreneur/>

Retention, Expansion & Attraction Tools

- Vision Fund – Forgivable Loan Program
- SBA Partnership Program (for tenant improvements)
- Storefront Renovation Program
- Property Tax Incentives:
 - Tax Increment Financing (TIF)
 - Community Reinvestment Area (CRA) - Tax Abatement
 - Urban Renewal District - TIF

Vision Fund – Forgivable Loan Program

- Forgivable loan program targeted to established, growing businesses and high tech earlier stage businesses that are ready to move into office space in Shaker Heights
- Targeted to industries identified in 2010 Economic Development Plan – Healthcare, IT, Professional Services, Engineering and Design – as well as home based businesses
- Funds can be use for tenant improvements and equipment purchases
- Amount of loan and portion forgiven is based on income/payroll taxes the City will collect over the term
- Businesses commit to keep their operations in the City of Shaker Heights for at least double the amount of time it takes to pay back the loan via income tax receipts

16

Total Vision Loans

\$1.6M

Loaned

\$1.5M

Already Repaid

3

**Active Loans
Still Repaying**

Shaker SBA Partnership Program

- Partner with Cuyahoga County and the U.S. Small Business Administration (SBA)
- SBA provides private loan. City and County jointly contribute equity toward total project cost (buildout or equipment) to enable a business to open or expand.
- Typical Structure:
 - Business contributes a minimum 10% equity toward a private SBA loan
 - City and County contribute up to an additional 15% of equity as a performance grant (no repayment if income tax targets met)
 - The SBA loan encompasses 75% of the total project
 - Business enters into agreement with the City: performance grant term aligns with lease term; claw back language requires repayment if business closes before end of term
- Business is required to work with a Small Business Development Center (SBDC)

Shaker SBA Partnership Program Funding Summary

County Round	Year Started	Amount Committed	Notes
Round 1	2014	City and Cuyahoga County each committed \$250,000	Pilot program in Cleveland and Shaker Heights only
Round 2	2017	No new funds	City assisted with best practices in expansion to Cleveland Heights, Maple Heights, Fairview Park and Lakewood
Round 3	2019	County contributed \$150,000 and City contributed \$50,000	In Round 3, the County provided additional funding for Shaker Heights, Lakewood and Cleveland Heights

A total of \$343,654 currently remains available.

Shaker SBA Partnership Program Loan Summary

Business Type	Purpose	Projected Job Creation	Projected Payroll	Race/ Ethnicity of Owner	Total SBA Loan Financed	Total City Forgivable Loan Amount
Coffee Shop	Renovation and expansion	1 FT 5 PT	\$ 190,000	Asian	\$ 267,000	\$ 40,000
Restaurant	Renovations, equipment and delivery vehicle	2 FT	\$ 680,000	White	\$ 200,000	\$ 19,012
Health Services	Buildout	50 FT 100 PT	\$ 4,400,000	African	\$ 415,000	\$ 78,465
Salon	Buildout	18 FT 14 PT	\$ 183,480	African-American	\$ 235,000	\$ 37,500
Retail	Buildout and signage	1 FT 3 PT	\$ 53,952	African-American	\$ 35,000	\$ 10,347
Health Services	Buildout, inventory, equipment	1 FT 2 PT	\$ 65,501	Indian	\$ 159,587	\$ 23,938
Retail	Buildout	2 FT 2 PT	\$ 38,400	White	\$ 199,153	\$ 19,915
Retail	Equipment, buildout, signage	2 FT 4 PT	\$ 100,000	White	\$ 75,050	\$ 11,250
Restaurant	Build out and equipment	4 FT 3 PT	\$ 513,760	White	\$ 94,174	\$ 14,612
Restaurant & Grocery	Build out and equipment	10 FT 12 PT	\$ 400,000	White	\$ 498,000	\$ 71,250
Physical Training	Build out	2 FT 2 PT	\$ 100,000	White	\$ 147,045	\$ 22,057
Retail	Build out and equipment	2 FT	\$ 977	White	\$ 100,000	\$ 8,000
TOTALS					\$ 2,425,009	\$ 356,346

Storefront Renovation Program County Program: 2016-2017 (Lee Road Only)

Program Outline

Lee Road only (Chagrin – Scottsdale)

50% Matching Grants

- Full Façade: Up to \$16,000
 - Façade improvements—front doors and windows, tuck pointing, painting, etc.
 - New signage and awnings
 - Landscaping (no parking lot resurfacing)
- Signage Only: Up to \$3,000

Complementary design services provided by the City

Projects required Prevailing Wage metrics

Source of Support	Amount
Citizens Bank Grant (via SHDC)	\$7,500
Cuyahoga County Grant	\$77,946
City Investment	\$28,700
Private Investment	\$77,732
TOTAL INVESTMENT	\$191,878
<u>8 Projects</u> 3 Signage Only 5 Full Façade	

Storefront Renovation Program City Funded, 2019-present

Program Outline

City Wide

Available in every commercial district
 Exceptions: Shaker Towne Centre, Shaker Plaza and
 Phase 1 Van Aken District

Signage Only

Up to \$3,000, 50% rebate

- Incentivize new businesses to open in Shaker
- Attract, retain and support locally-owned businesses
- Encourage better quality (and more creative) signage

Full Façade

Up to \$15,000, 50% rebate

- Transformative, comprehensive
- No parking lot resurfacing or roof work

Complementary Design Services

May still be available after grant funds are depleted

City-Wide Projects – By District	
16 Projects Total	
District South: 8	Chagrin-Lee: 5
Fairmount Circle: 2	Bloc at Almar: 1 <small>(entire property – 5 businesses)</small>
Estimated Private Property Investments = \$183,000	
City Annual Funding: up to \$50,000 Rebates; \$24,500 Design	

Full Façade – Vacant (2016)

Signage Only – Shaker Cigar (2017)



Full Façade (2019-2020) The Gentlemen's Cave Luxury Barber Lounge



Full Façade – Block at Almar (2020)



Full Façade – 3700-3706 Lee Road (in progress)



Commercial District Redevelopment

Commercial Districts:

1. Chagrin-Lee Commercial District (Shaker Towne Center, Lee Road, Chagrin Blvd.)
2. Greater Van Aken District (includes District South and Bloc at Almar)
3. Larchmere
4. Fairmount Circle

Focus:

- Comprehensive revitalization, grounded in long-term planning
- Placemaking and Vibrancy
- Transit-Oriented Development (TOD)
- Available Properties – for lease or sale

Chagrin-Lee Commercial District

- Shaker Towne Center and Chagrin Boulevard retail/service districts
- Lee Road commercial corridor – largely professional services
- The Dealership – co-working facility
- Challenged properties – vacancy, tax delinquency, code violations
- Actively supporting and encouraging new business development
- Since 2016, nine properties participated in the Storefront Renovation Program with three currently underway
- Lee Road Action Plan – currently beginning Phase 3 of 3

Van Aken District Development Sites

SITE A - Future Farnsleigh Apartments

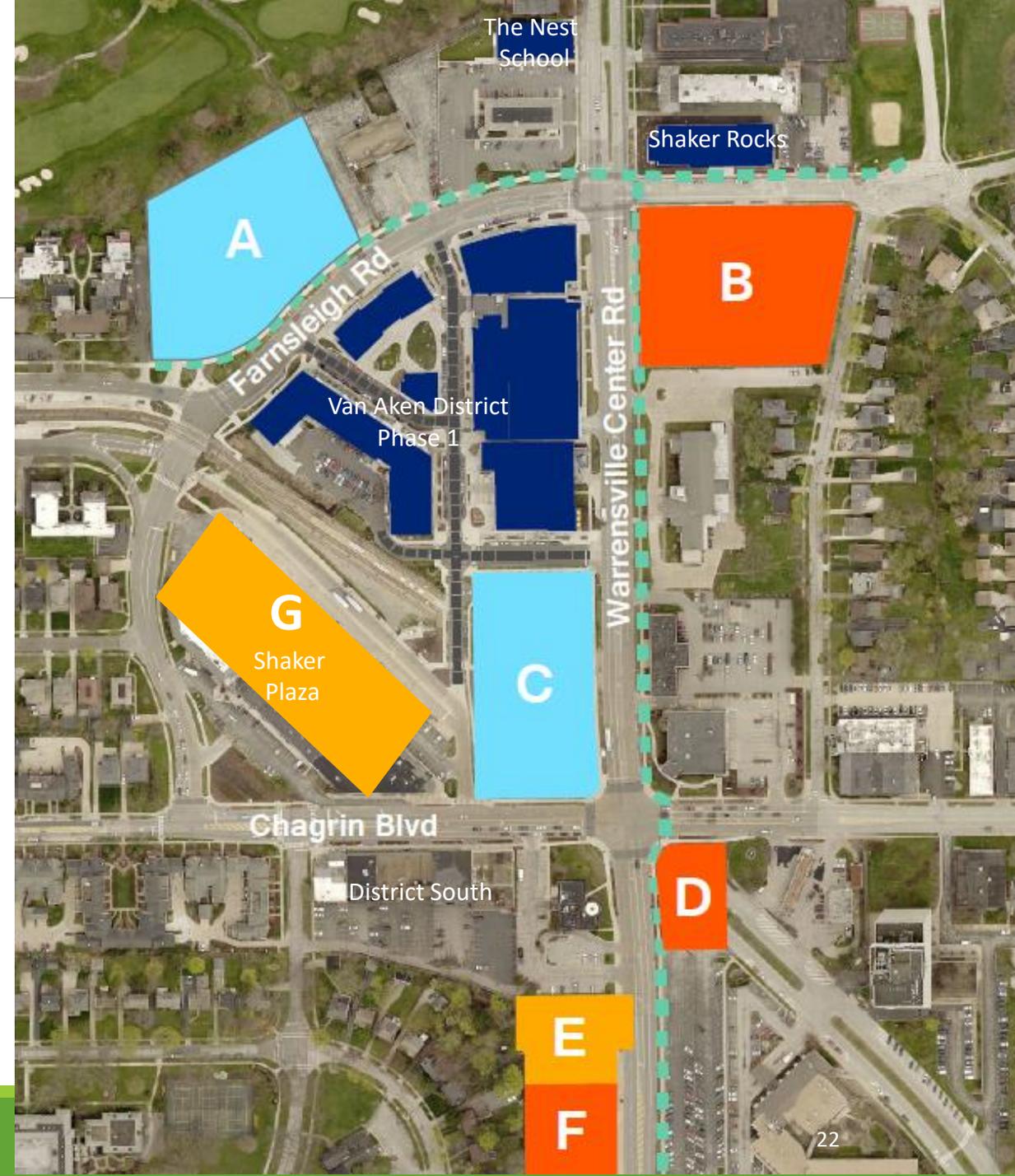
SITE B - Former Qua Buick Site (2.4 acres)

SITE C - Future Office Site, First Floor Retail (2.0 acres)

SITE D - City-Owned Right of Way (0.5 acres)

SITES E & F - Commercial Mixed-Use Site (1.2 acres; two 0.6 acre sites)

SITE G - Shaker Plaza (3.49 acres)



Property Tax Incentives

Property tax incentives are tools to help position for the future and meet City goals.

- Promote new development and/or renovation
- Help meet planning goals of transit-oriented development (TOD), revitalization, placemaking
- Encourage new and diverse housing product (e.g. multi-family, single-family infill)
- Create and retain jobs
- Increase the commercial tax base

Tax Increment Financing (TIF)

5709.40 TIF: public infrastructure

5709.41 TIF: both public and private developer uses

Commercial Reinvestment Area (CRA)

Residential
Commercial

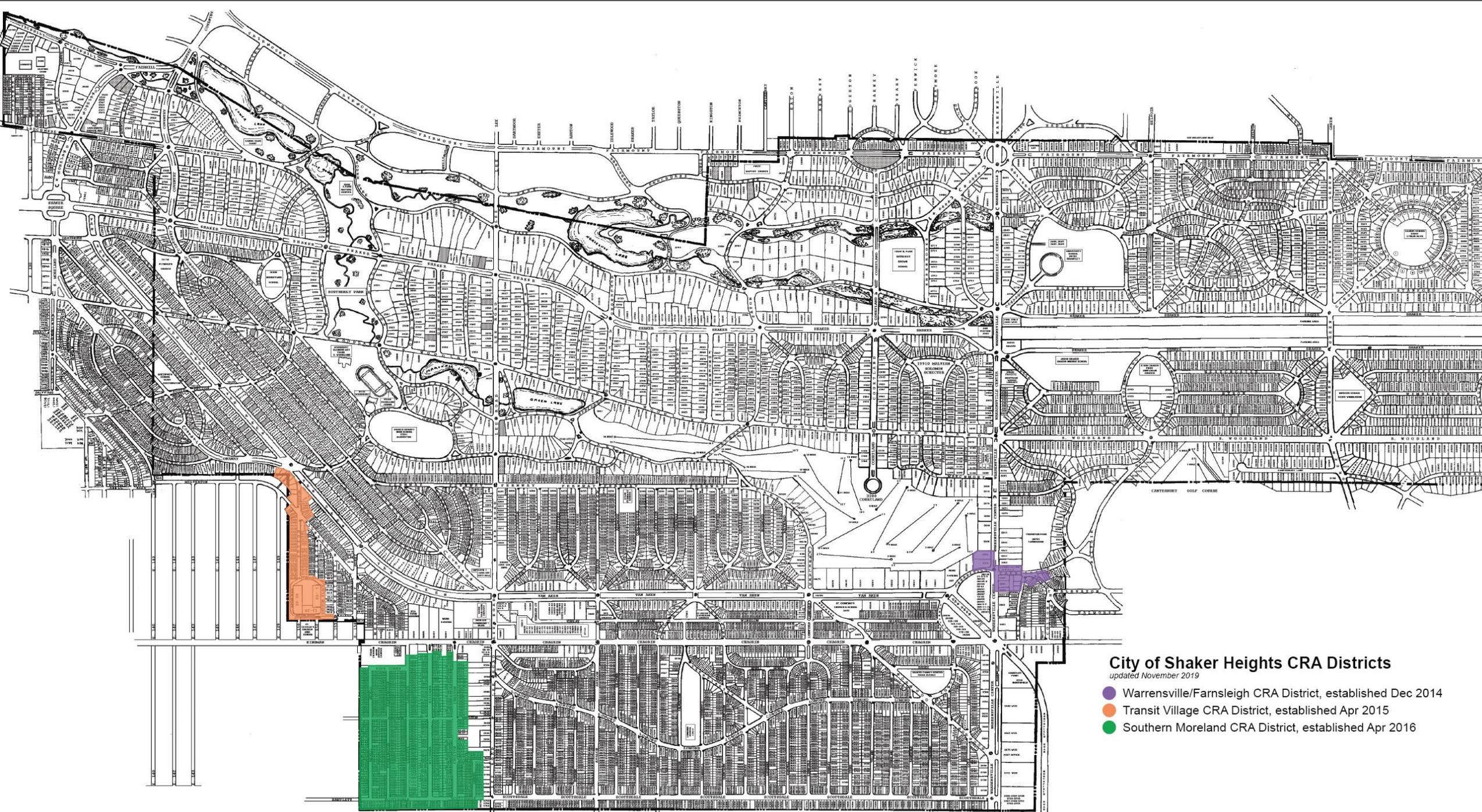
Urban Renewal District

Tax Increment Financing (TIF)

- Property is exempt from real estate taxes on the future increase in assessed value
- Payments in lieu of taxes (“PILOTs”) pay for improvements
- Taxes on the “base value” are collected and distributed as if there were no TIF
- PILOTs are paid on the increased property value over the base value (the increment)
- PILOTs are paid at the same time and in the same manner as real property taxes
- Ohio statute, local ordinances and school compensation agreements determine how PILOTs are distributed and used
- School Board approval is required if PILOTs are more than 75% and for more than 10 years

Community Reinvestment Areas (CRAs)

- To create a CRA, the City must undertake a housing survey of the structures within the proposed area and Council must pass legislation.
- Establishing a CRA allows for abatement of real estate taxes incurred by new construction or rehabilitation of existing structures.
- Property owner is exempt from paying a portion of the additional real estate taxes on the property improvements made.
- School District approval required for abatement over 50%.
- The City currently has three CRAs:
 1. Transit Village CRA, residential, 15-year, 100% abatement.
 2. Southern Moreland CRA, residential, 10-year, 100% abatement.
 3. Warrensville-Farnsleigh CRA, commercial, up to 15-year abatement. Currently, two commercial abatements approved at 50%, one for 15 years and the other reduced to 10 years. Commercial CRA's are negotiated; terms can change per project.



City of Shaker Heights CRA Districts
updated November 2019

- Warrensville/Farnsleigh CRA District, established Dec 2014
- Transit Village CRA District, established Apr 2015
- Southern Moreland CRA District, established Apr 2016

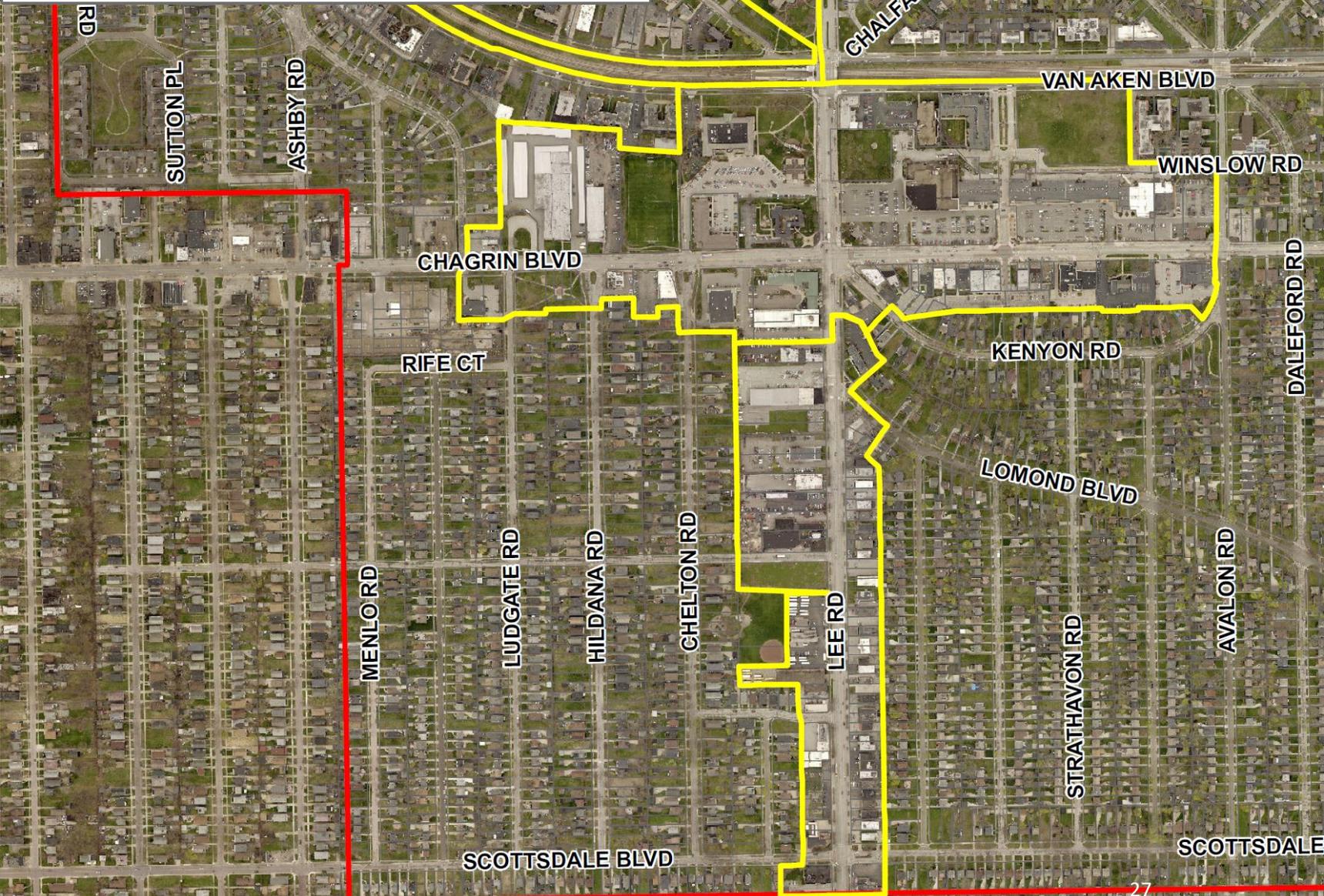
725 Urban Renewal District

District outlined in yellow

Red is the City border

Opportunity for 75%
PILOTs on new projects to
repay prior economic
development debt

**Shaker Towne Centre
Community Development Area
TIF District**



Current TIF/CRA/725 Projects

TIF

Shaker Plaza

Van Aken District
(Phase I)

Former Qua
(not filed)

Farnsleigh Lot

Wendy's

Commercial CRA

Shaker Rocks

The Nest School
(formerly Le
Chaperon Rouge)

Residential CRA

(Focus on infill housing)

Transit Village

South Moreland

725

Shaker Towne Center

South Side Chagrin

Compass Storage

Library Court

CVS

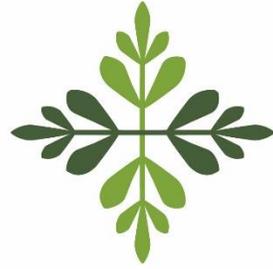
Sussex Courts

Avalon Station I

HarborChase

Tax incentive considerations (in process)

- Set clear development objectives in Requests for Proposals specific to project site and City goals
- Deal specific. “But For” Test – can the project happen without incentives? If so, no incentives
- Think regionally; prioritize anti-poaching – don’t use incentives to move jobs; create new ones
- Job creation and/or job retention
- Consider amount of new income tax and/or property tax revenues. Grow the commercial tax base
- Consider clawbacks if targets not met
- Prioritize filling gaps in housing types, prices and affordability, and accessibility
- Identify opportunities for development of parks or community spaces in private developments (e.g. The Living Room at Van Aken District)
- Intent to hold or sell? Prioritize partnerships with developers that have a long-term hold strategy
- Consider differentiating available abatements by geography



SHAKER HEIGHTS

Questions?

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