

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
EXECUTIVE SUMMARY**

The Shaker Square Shopping Center is an anchor of the southeast side of Cleveland, especially the Buckeye-Woodland corridor, one of the poorest areas of the City. It is anchored by a grocery store (Dave's Market), drug store (CVS), and movie theater (Atlas Cinemas). These anchors provide unique services in the neighborhood, despite being the kind of basic services that are taken for granted in middle- and high-income areas. In addition, it supports significant other retail and commercial spaces, including office, destination restaurants, and everyday retail.

The center has suffered for years from overleveraging prior to the 2008 recession and has significant deferred maintenance which has impeded the retention and replacement of tenants. A potential reinvestment financing proposed for March 2020 fell through when the COVID-19 crisis hit and the project fell into default and receivership. COVID-19 and its impact on the market have impeded the additional refinancing and prevented the reinvestment necessary to sustain the center. COVID safety measures enforced the closure of many restaurant and retail tenants, some of which chose not to re-open. Re-tenanting those spaces is challenging due to the continued uncertainty of COVID and the challenges facing new entrants to the restaurant and hospitality industry.

The property is now in receivership to address the unpaid debt secured by the property. If a satisfactory settlement cannot be reached, foreclosure sale is likely.

Acquisition of the center by a responsible coalition of civic partners, led by New Village Corporation and Burten Bell Carr, will allow for a public-private partnership to re-invest in the center, create opportunities for retail and small business recovery, and maintain a key cultural asset and equitable access for neighborhood residents to key services and amenities.

The proposal anticipates the following steps:

**1. Acquisition**

- a. Secure assignment of property interest from the current owners
- b. Redeem the outstanding note

**2. Stabilization**

- a. Conduct Capital Needs Assessment
- b. Raise approximately \$5,000,000 for immediate maintenance and operational needs
- c. Contract to handle management operations
- d. Address existing leases
- e. Market the property for a permanent owner-operator

**3. Disposition**

- a. Identify a responsible long-term owner who can invest in the future of the property
- b. Transfer the property

To effectuate the transfer, the City would support the acquisition of the Square through two loans, terms as detailed below:

**City of Cleveland Acquisition Loan A:**

Amount of Loan: Up to 50% of the note redemption (max. \$6,000,000)  
Term: 5 Years; Interest Only; Renewable at the City's option  
Collateral Position: First  
Interest Rate: 2% per annum

**City of Cleveland Acquisition Loan B:**

Amount of Loan: Remaining balance of the note redemption  
Term: 10 Years; Interest Only; Renewable at the City's option  
Forgiveness: Lien to be forgiven upon transfer to a permanent owner at the City's option  
Collateral Position: Subordinate  
Interest Rate: 0% for first 5 years, 1% thereafter.

**Reporting**

1. Annual Assessment of the property
2. Review of maintenance/programming of green space
3. Regular reports:
  - a. Updates on identification of permanent ownership
  - b. Status of capital repairs
  - c. Status of tenants
  - d. Community Engagement
    - i. Shaker Square Tenants
    - ii. Local Residents
    - iii. General Public

**Forgiveness Requirement**

- City to receive and review relevant information about purchase offers, development, vision for Shaker Square, and financial capacity of purchaser
- City to make a determination that no excess proceeds are available to satisfy a portion of the City's debt as part of the transaction.