

# **CRAIN'S** CLEVELAND BUSINESS

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## **Unusual real estate fund aims to transform Lee Road in Shaker Heights**

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Michelle Jarboe/Crain's Cleveland Business

Dogs gather around owner Amanda Corr at Process Canine, a boarding, daycare and training facility on Lee Road in Shaker Heights.

Launched by a nonprofit development corporation, 'The Fund' is not a profit-motivated vehicle. It is offering up to 5,000 shares to community-minded investors.

At 35, Amanda Corr owns a bustling business that provides dog daycare, boarding and training on Lee Road in Shaker Heights.

She also owns her building — a once-vacant property that epitomizes the transformation that an unusual real estate investment fund aims to make in the fragmented business district.

Marching south from Chagrin Boulevard to the Cleveland border, modest brick buildings line Lee Road. Among the hair salons, childcare centers, small offices and service retailers, some of those buildings sit silent, for-rent signs hanging in the windows and property-tax bills piling up behind the scenes.

"People don't realize this is Shaker," said Corr, who opened [Process Canine](#) in 2017 and bought her building two years later from a group of community-minded investors.

The creators of the Shaker Lee Development Fund LLC, called "[The Fund](#)" for short, hope to replicate that model to change the energy on the street. In August, the new company started soliciting investors, with the goal of amassing up to \$5 million to buy real estate along the corridor.

Launched by the nonprofit [Shaker Heights Development Corp.](#), the Fund is not a profit-motivated vehicle.

"We're mission-oriented. We're very clear that this is a social-impact investment," said Nick Fedor, executive director of the community development corporation, the Fund's manager.

Though it's possible that investors will see modest returns from real estate operations or eventual building sales, the Fund will measure its success differently — through filling empty storefronts, diversifying the tax base of a bedroom community and cultivating a diverse mix of largely local entrepreneurs.

Fedor believes that unconventional approach could resonate in other inner-ring suburbs and close-knit communities striving to revitalize well-worn commercial districts.

But it's far too early to say whether the Fund will achieve its goals.

So far, the company has raised \$500,000, including cash and the value of two properties that Shaker Heights Development Corp. and fellow local investors committed to the venture.

The offering set a minimum threshold of \$550,000 for the Fund to start spending money on real estate deals. The fundraising window will run for 13 months, ending Sept. 25, unless the Fund hits its \$5 million cap earlier.

"The initial reaction that I've gotten in speaking with people has been really positive," said Scott Garson, a semi-retired real estate professional who sits on the Fund's board of directors. "We've got a long way to go in raising the money that we want to, but we're just getting the ball rolling in getting the word out."

Participants must be Ohio residents, but they don't have to be sophisticated investors. The shares are priced at \$1,000 and split into two groups.

Class A investors must buy at least 10 shares, making a minimum investment of \$10,000, and be wealthier individuals. Class B investors, with lower incomes or net worths, can purchase a single share. Both groups will have representation on the Fund's board.

"We wanted to open it up and have, hopefully, a more broad-based support network," said Fedor, who described the target audience as current and former Shaker Heights residents and people with ties to the community.

"I'm not saying this with any sort of ego or misconception that this fund is going to be like the savior for the commercial district, but it was important for us to provide an opportunity where maybe opportunities have historically not existed for folks to have a seat at the table," he said.

In designing the Fund, the development corporation and its consultants looked at co-op investing models and other neighborhood-based initiatives, including a Los Angeles fund formed to maintain the historic character and culture of a Japanese American enclave called Little Tokyo.

They also drew on lessons from the Process Canine deal.

In late 2016, local investors and the development corporation joined forces to buy that property, a former plant nursery, for \$160,000. They renovated the building and signed a lease with Corr, who had been struggling to find a location for her growing, home-based business.

That lease carried below-market terms and gave Corr the option to become an owner.

"It wasn't designed for anybody to make a killing on it," she said of the arrangement. "It was designed to get a business in here."

When she bought the property, most of the investors turned around and put their small profits into the neighboring building, a 1950s retail strip in need of an overhaul. The

storefronts now are fully leased to a longtime hair salon, Process Canine's expanded training operation and [True Vibes Unleashed](#), a dog-grooming business that also offers yoga for pet-care professionals and reiki, an energy healing therapy, for dogs.

With some transactions, the Fund is likely to follow that formula of buying, renovating, selling and reinvesting. In other cases, properties will be longer-term holds.

Shaker Heights Development Corp.'s investment push on Lee Road comes as the city is [studying ways](#) to make the corridor more appealing for businesses, pedestrians and cyclists. A yearlong planning and community-engagement process is scheduled to start in early 2022.

A reimagined Lee Road could be slimmer, with slowed-down traffic, better parking and a multipurpose path, said Laura Englehart, the city's economic development director. Officials are pursuing local, state and federal grants to help pay for the infrastructure work.

"In the end, we intend for it to be a complete makeover," said Englehart, adding that the planning process also involves updating the economic-development strategy for the district.

Englehart holds a non-voting seat on the Fund's board to ensure coordination between those public and private efforts.

"No matter where you live in Shaker, an investment in this part of town will benefit you — and, frankly, can benefit people in the surrounding areas, as well," said Garson, who lives in Shaker Heights and takes his dog, Otis, to Process Canine.

"If we can get investment into this community, the entire region can benefit," he added. "And I think the scale is small enough that the mom-and-pops can be part of the solution."



# Lee Road corridor investment area ☆

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Inline Play

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