

DOWNTOWN RECOVERY PLAN

Common Themes / Preliminary Plan Recommendations

- Need and desire for a comprehensive marketing strategy and messaging to welcome employees, visitors, and others back downtown
- Desire to keep programs initiated during COVID (Pop-Up Patios, Pick-Up Zones, Out on 5th, others)
- A stronger sense of collaboration and “We are in this together” within sectors and beyond
- Sense of place and street vibrancy more important than ever, including placemaking, wayfinding, and other tools to create destination
- Preparedness for potential new funding sources
- Recognized importance and value of outdoor spaces



 **FIRST FLOOR FUND**
DRAFT FRAMEWORK

PROGRAM OBJECTIVES

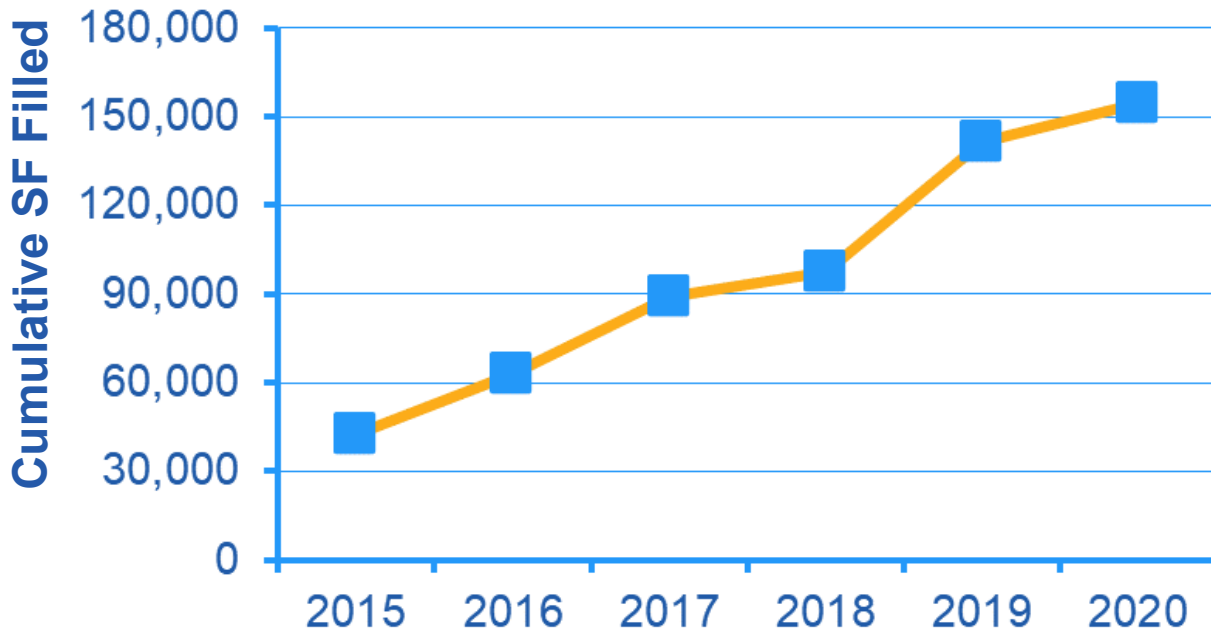
≡ FIRST FLOOR FUND

- Jumpstart the launch of 50 first floor businesses across Dayton
- Strategically support emerging retail corridors, boost Dayton's walkability, and attract more employers and residents
- Leverage growing demand for first floor space and the increases in occupancy over the past decade
- Support women-owned and minority-owned businesses
- Help fill a financing gap for mixed-use development across the city



FIRST FLOOR TRENDS

DOWNTOWN FIRST FLOOR SPACE
Vacant space absorbed since 2010



- Major gains in downtown first floor occupancy since 2010
- Increasing first floor lease rates
- 2021 Downtown Business Survey: 48% of first floor businesses women-owned, 26% minority-owned
- Still, significant storefront vacancy remains:
 - Approximately 260,000 SF of vacant space (71% first floor occupancy)
 - 95% of this space will require some build-out to support a tenant

A FIRST FLOOR STRATEGY

DEVELOPMENT PROJECT TIMELINE

PRE-DEVELOPMENT		PROJECT EXECUTION & LEASE-UP	
How it works now	<i>How it could work</i>	How it works now	<i>How it could work</i>
<ul style="list-style-type: none"> • Assumptions made in project budget and pro forma <ul style="list-style-type: none"> ○ Lease rates and tenant improvement (TI) funding ○ Sizes of first floor spaces ○ Delivered space conditions (pre-buildout) • Assumptions drive the types of tenants that can be recruited • In some cases, financing gaps and challenges created before the project even gets started 	<ul style="list-style-type: none"> • First Floor Fund team works with developer to coordinate on a shared first floor strategy • Overall project financing and economic model accounts for: <ul style="list-style-type: none"> ○ Local first floor market conditions ○ Shared assumptions on the types of target tenants ○ The role the First Floor Fund can play in the project's success 	<ul style="list-style-type: none"> • First floor interest is mostly driven by locally-owned biz • Financing gaps are too large to overcome in many instances • Potential tenants are under-prepared on many fronts • Banks are unwilling to lend to unproven tenants and unproven locations • First floor spaces sit empty for long periods of time 	<ul style="list-style-type: none"> • Programs like the Retail Lab, kitchen incubator, and other entrepreneurship support services help prepare potential first floor tenants • Interest is still mostly local, but the combination of the better prepared tenants, developer TI, and the First Floor Fund reduce the risk for banks and investors • First floor lease-up can move quicker to the benefit of the rest of the development project

DEVELOPER INPUT

- Input collected from downtown developers with large inventory of first floor space
- Represent ~75,000 square feet of vacant storefronts
- More first floor space is in the pipeline with additional projects
- Wider range of lease rates and TI approaches than expected



STARTING CONDITION	FIRST FLOOR LEASE RATES	TI BUDGET / ALLOWANCE (\$/SF)
Cold or warm dark shell	\$12-26 (NNN)	\$15-150

EXAMPLE PROJECTS

EXAMPLE	SIZE (SF)	TOTAL PROJECT COST	TENANT EQUITY	LANDLORD CONTRIBUTION	BANK FINANCING	GAP FINANCING
Restaurant	4,800 SF	\$860,000 (\$179/SF)	\$60,000 (7%)	\$194,000 (23%)	\$481,000 (56%) SBA 7a	\$125,000 (15%) CityWide
Retail / Salon	3,400 SF	\$55,000	\$6,000 (11%)	N/A	N/A	\$49,000 (89%) CityWide
Retail / Office	7,448 SF	\$140,000	\$40,157 (29%)	Owner-occupied	\$56,000 (40%)	\$43,843 (31%) CityWide
Restaurant / Pizza Pick-up	1,624 SF	\$500,300 (\$308/SF)	\$72,530 (14.5%)	Owner-occupied	\$237,650 (47.5%)	\$190,120 (38%) CityWide
Restaurant <small>Not yet fully funded</small>	4,800 SF	\$960,000 (\$200/SF)	TBD	\$497,000 (52%)	TBD	TBD
Restaurant	940 SF	\$300,000 (\$319/SF)	\$135,000 (45%)	\$30,000 (10%)	\$135,000 (45%)	N/A
Retail	1,966 SF	\$75,000 <small>does not include FF&E</small>	\$10,000 (13%)	\$65,000 (87%)	N/A	N/A
Bar / Restaurant	5,700 SF	\$945,000 (\$166/SF)	\$807,500 (investor raise)	\$137,500 (15%)	N/A	N/A



FIRST FLOOR FUND

PROPOSED FRAMEWORK

MORE THAN A FUND

FIRST FLOOR FUND

FIRST FLOOR FUND

Potential Leveraged Services

- Accelerator programs
- Business planning
- Accounting
- Legal
- Marketing
- Retail design
- Credit counseling
- Prototyping & sales opportunities



Entrepreneurs'
Center



DAYTON
METRO
LIBRARY



AT THE ARCADE

Ohio

Minority Business
Assistance Centers



AVIATRA
ACCELERATORS
WOMEN ON THE RISE

Ohio

Small Business
Development Centers

GREATER WEST DAYTON
INCUBATOR

LAUNCH
DAYTON

DAYTON
Dayton Area
Chamber of Commerce
MBP
MINORITY BUSINESS PARTNERSHIP

FUND BENEFITS

- Local access to capital with fixed interest rates
- Supplements conventional bank financing
- Creative, flexible financing structures
- Promotes business growth with enhanced cash flow

ELIGIBLE USE OF FUNDS

- New and used machinery and equipment acquisition
- Building renovation / expansion; tenant improvements
- Permanent working capital

LOAN SIZE

- Proposed maximum loan size up to \$300,000 (notionally 30% of the larger projects)
- Minimum loan size of \$50,000

TERM OF LOAN

- Loan term based on useful life of assets; maximum of 10 years
- Typical loan terms range from 3-5 years
- Working capital: up to 3 years
- Six months interest only

EXAMPLE FINANCING STRUCTURE

- 45% = Senior Lending Partner
- 30% = First Floor Fund
- 15% = Property Owner
- 10% = Business Owner

ASSUMPTIONS

- Applicant / owner has no corporate or personal bankruptcy in last 7 years
- Owner / guarantor has personal credit score of at least 675
- Standard CityWide underwriting guidelines



Photo credit: Dayton.com



USE CONSIDERATIONS

- Target recipients are locally-owned retail, food and beverage, and personal service businesses (e.g. salons and personal fitness)
- National chains are not eligible
- Office or auto-oriented uses are not eligible

POLICY CONSIDERATIONS

- Development should support the City of Dayton's Corridor Strategy and / or Place and Asset Based Strategy
- Applications must strengthen or revitalize existing mature neighborhood or central / urban commercial districts
- Applicants within suburban-style, vehicle-oriented developments shall not qualify unless the application substantially alters or improves the development to become more pedestrian-oriented



PROGRAM ECONOMICS

How do we catalyze 50 new first floor businesses across Dayton?

First Floor Fund Economic Model

SOURCES

Project Type	Storefront Size	Assumed Constr. & FF&E (\$ / SF)	Total Cost (Including WC)	Developer*	Tenant	First Floor Fund	Bank
Retail	1,500 SF	\$100	\$175,000	\$37,500 (21%)	\$17,500 (10%)	\$120,000 (69%)	TBD
Restaurant	4,000 SF	\$200	\$950,000	\$200,000 (21%)	\$95,000 (10%)	\$285,000 (30%)	\$370,000 (39%)

***Assumed Developer TI:** Retail (\$25/SF), Restaurant (\$50/SF)

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FFF Projected Over 50 Deals+

Retail Projects: \$3,600,000

Restaurant Projects: \$5,700,000

Total from First Floor Fund: \$9.3 million

Impact / Program Leverage

Bank Funding: \$7,400,000

Developer Funding: \$5,125,000

Tenant Funding: \$2,425,000

Total Leveraged Funding: \$15 million

+Assuming a 60% retail / 40% restaurant split

PROGRAM IMPACT



Estimated Direct Economic Impact

- 50 new first floor storefronts
- Total capital investment of \$25 million
- Activating 125,000 square feet of currently vacant space
- Creating more than 600 jobs (directly from new businesses)

Indirect Economic Impact

- Improved walkability across the city
- More compelling place to attract employers and residents
- More stable and successful mixed-use developments (more than \$350 million in projects just downtown)

- Outreach to commercial lenders: vet assumptions and gauge interest in a formal partnership (near complete)
- Discussion with developers to get their feedback (first phase complete)
- Finalize fund administration and implementation logistics

DOWNTOWN RECOVERY PLAN

Marketing Subcommittee

- Cohesive marketing strategy / thematic to help welcome back workers/visitors and promote all downtown has to offer
 - Appealing to a wide variety of audiences/demographics
 - Easy for partners to use in tandem with their own branding
- Theme to build on the OPEN* campaign
- Coordinated and consistent messaging
- Preliminary recommendations/actions:
 - Create a new theme to help welcome our community back downtown
 - Develop a toolkit for partners to use that includes consistent messaging
 - Utilize DDP website as central source
 - Apply theme to a variety of marketing tools and PR efforts
 - Social media campaigns
- Targeted launch first week of June







**REDISCOVER
DOWNTOWN DAYTON**

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SOCIAL MEDIA EXAMPLES



BILLBOARDS



STICKERS



MESSAGE EXAMPLES



REDISCOVER LIVE THEATER

REDISCOVER CONCERTS

REDISCOVER NETWORKING

REDISCOVER THE REGION'S BEST DINING

REDISCOVER DAYTON'S GEMS

RECONNECT, RECHARGE, RECONVENE