

NEW MARKETS TAX CREDIT OPPORTUNITY



THE ARCAD E North Arcade

28 W. THIRD STREET | DAYTON, OHIO 45402

DESCRIPTION

Cross Street Partners (CSP) is currently seeking **\$15MM** in NMTC allocation for the second phase of the historic Dayton Arcade, a collection of eight buildings — a full city block—totaling over 330,000 SF in the heart of downtown Dayton’s central business district. The full development plan will recast the Arcade in much the same way in which it was initially developed in the first decade of the 20th century—with a mix of retail, offices, public space and housing. **The North Arcade**, for which we are currently seeking allocation, will include a kitchen incubator program, complimentary retail and restaurant space available for incubator participants, creative coworking space, and as well as market rate micro-loft apartment living.

The restoration of the North Arcade will continue the momentous forward movement undertaken with the development of the \$90MM South Arcade. The development will restore the interior promenade, will create a restaurant destination spanning a city block in length, and support the city’s growing population of food entrepreneurs through the creation of a shared use commercial kitchen. This program, modeled after the success of previous NMTC projects such as the Findlay Market in Cincinnati, Ohio, provides individuals and small businesses with the tools, space, and training they need to jump start and scale up their operations. Upper floors will include coworking office space, as well as, micro-loft living which will support the city’s growing artist and student population.

Historically, the Dayton Arcade was a widely-celebrated achievement after its completion in the first decade of the 20th century; the South Arcade structure is highlighted by a 90-foot diameter glass rotunda that many consider the most spectacular piece of architectural history in the Dayton region. But, as downtown Dayton declined in the 1970’s and 1980’s, so did the Arcade. The main building went into bankruptcy in the mid-1980’s, and was last occupied in 1990. Today, the historic Arcade is a treasure waiting to be unearthed, hidden behind vacant store façades, and unknown to an entire generation of passersby. The downtown itself is also in a state of disrepair, with numerous vacant buildings, and an overabundance of half-empty parking garages and surface lots. In the past five years, however, the City’s population has begun to grow, and there are signs of a renewed interest in living, working and visiting downtown. ■

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**BRINGING FOOD INNOVATION
AND WORKFORCE TRAINING
TO THE REVITALIZATION OF
THE DAYTON ARCADE**



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Learn more - click on links below:

Cross Street Partners | Dayton Arcade

Dayton Arcade Overview Video

Additional Dayton Arcade Videos



Anticipated Uses

- **Shared Use Commercial Kitchen:** This shared use kitchen space and culinary incubator will provide local food entrepreneurs with affordable access to commercial kitchens, baking facilities, and storage space. It will also have a variety of educational programming and resources to provide members with the necessary training, mentorship, and other assistance to aid in small business growth.
- **Restaurants:** The historic promenade will be fully restored and connect to the Rotunda in the South Arcade creating a magnificent retail and restaurant destination. In an effort to further support the growing entrepreneurial community of downtown Dayton, several of these retail spaces can be available to members of the kitchen incubator through shorter lease terms, allowing them to scale up their operations more economically.
- **Creative coworking space:** The second and third floor of the North Arcade will be occupied by co-working space and creative offices.
- **Market rate micro-lofts:** The top floors will feature separately financed micro-loft living, catering to Dayton's growing population of artists, students, and entrepreneurs. This unique style of living will nurture community living and social interaction with a variety of shared amenities and common spaces.

A HUB for Community Benefits

The Arcade is a catalytic project for the entire Dayton community. To ensure the economic opportunities provided by the HUB are accessible to all, an Arcade Opportunity Lab Network is being created for Phase 1 of the Arcade to provide intentional connections to communities across the City of Dayton. This network will provide a physical presence for the HUB in each section of the city, as well as programmatic links and pathways to the region's entrepreneurial and innovation ecosystem. The network's Arch sites (shown at right) will provide access to technology, flexible workspaces, staff support for idea incubation and acceleration, workforce programs, and other initiatives tailored to the neighborhood's unique assets and needs.

- **Arcade Opportunity Lab** programs will be administered through a team of network wide partners that will include the City of Dayton, The Entrepreneur Center, the University of Dayton (innovation HUB tenants in the south Arcade), the Dayton Metro Library (DML), and several others.
- **Programming across the network** will be structured in an academic-like system of increasing knowledge and specialization; where more advanced workshops and courses will be offered at the Arcade, while programs presented in the neighborhoods will fit into a more developmental-like curriculum and be facilitated by the Minority Business Assistance Center (MBAC), Entrepreneurs Center, and other partners.
- **A signature offering** would be the New Business Orientation workshop, which will consolidate similar offerings currently spread across multiple providers in the startup ecosystem. Additional courses could include basic computer skills (email, word processing, etc.), market research, small business marketing, business networking, computer coding, and more.
- **As a goal**, the Network will strive to establish continuity of staff, organizations, and programs between the neighborhood sites and the HUB to build trusted relationships as constituents get more engaged. To minimize the capital costs to launch these sites, Host Partners with existing building infrastructure will be secured to provide a physical home for the Network in each part of the Dayton community.

But For

The redevelopment of the Dayton Arcade into a mixed-use center for innovation and the creative and visual arts requires **\$15MM** in NMTC allocation to underwrite the significant costs of rehabilitation and to make occupancy costs affordable for targeted tenants. Subsidies will allow for additional savings to be passed along to the kitchen incubator, allowing for additional programming and affordable membership rates. In addition, the Dayton office market is extremely soft, with a vacancy rate of nearly 80%, such that the rent attainable for even market-rate tenants could not underwrite the costs of construction. ■

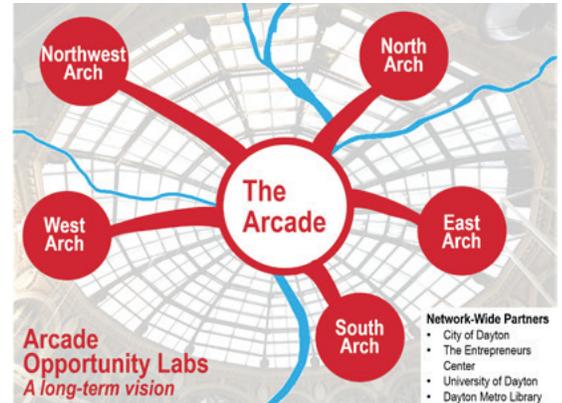
PROJECT HIGHLIGHTS

Allocation Sought: **\$15 MM**

Allocation Secured: **\$8MM**

Anticipated closing: **Q3' 2020**

Completion Date: **Q4 2021**



Cross Street Partners is a vertically integrated real estate company exclusively focused on re-building communities by creating vibrant urban mixed-use neighborhoods built on a foundation of innovation and entrepreneurial activity.

The Model Group is an integrated property development, construction and management company with a passion for revitalizing urban neighborhoods. The Cincinnati-based company is a recognized leader in historic preservation, mixed-used urban development, senior living communities, and affordable housing that is indistinguishable from market-rate housing.

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