



City Commission approves Arcade development agreement

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The City of Dayton has entered into a development agreement for the Dayton Arcade.

The agreement, approved by the City Commission at its May 23 meeting, allows a \$10 million loan by the City of Dayton at the time the developer group closes its financing arrangements.

The project will consist of two phases. The first to be developed is the south Arcade (southern half of city block), followed by the north Arcade.

Well over half of the project's capital sources have been secured. The City loan would be one of the last major funding pieces for redevelopment of the seven-building historic complex (south Arcade).

The Arcade is a mixed-use, mixed-income reuse of a 330,000-sq. ft. collection of century-old buildings centered around a spectacular glass rotunda. Its redevelopment is a catalytic project that will spur further growth in the region's urban core.

"This step moves us toward greater benefits for the entire Dayton community," said Mayor Nan Whaley. "The increase in economic activity resulting from the Arcade is expected to expand both the property and income tax base, which will support services in city neighborhoods."

Research has shown that for every \$1 in income tax generated from downtown employment, 75 cents goes to support services in neighborhoods.

The \$95 million first phase (south Arcade) is planned as a mix of affordable housing, arts programming, and a 90,000-sq. ft. Innovation Hub created and managed by a joint venture of the University of Dayton and The Entrepreneurs Center. The hub will be designed to nurture entrepreneurs and start-ups, while commercializing innovations and technologies emerging from the region's economy.

The development agreement with Cross Street Partners, Model Group and McCormack Baron Salazar is an example of a public-private partnership that is producing benefits for communities across the nation, particularly urban areas.

City Manager Shelley Dickstein said the Arcade has attracted a top tier development team that is taking advantage of changes in the urban development market.

"The redevelopment of the Arcade reflects a dramatically changed financing picture," Dickstein said. "The award of state and federal tax credits is bringing tens of millions of dollars to the project that would not have been possible two decades ago."

As part of the redevelopment, the City has secured a commitment from the developer to enter into a Community Benefits Agreement that will serve a diverse array of Dayton residents. The overall goal is to ensure that the investment in the Arcade has benefits or return on investment for the entire city.

The Arcade project follows an evaluation of the complex's viability after years of vacancy. After the Arcade was found to be structurally sound, the City was presented with two options: find a development team capable of redevelopment of the historic complex, or witness its continued decline and eventual demolition at a cost to taxpayers of up to \$10 million.

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