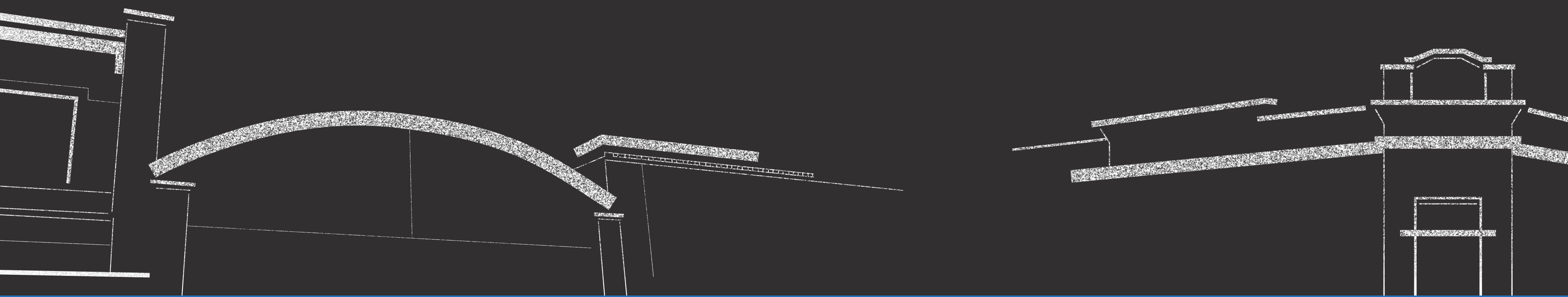
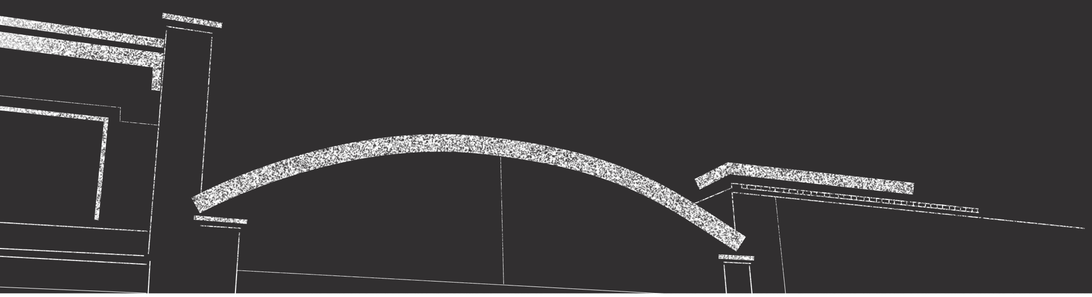


DOWNTOWN DAYTON REVITALIZATION PLAN

Kendig Keast Collaborative DRAFT 11.02.2018



0 EXECUTIVE SUMMARY

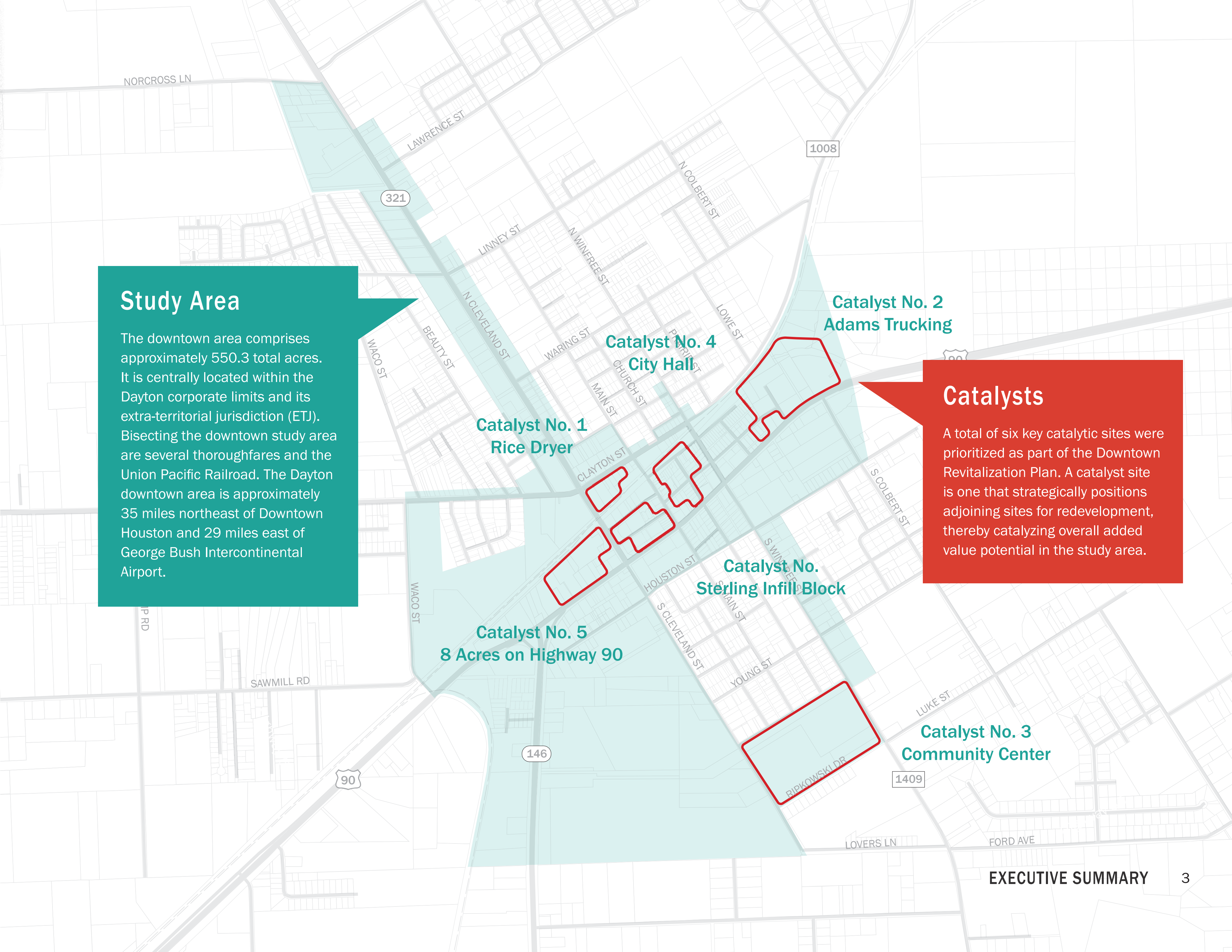
VISION: Create a fiscally-sustainable, walkable, high-quality, and mixed-use environment with public and private amenities.

Principles

- The City and partners will maintain a proactive and sustained attitude towards redevelopment that is consistent with the vision for Downtown Dayton.
- The community's vision for Downtown Dayton will be reflected in supporting policies and regulations.
- An appropriate mix of land uses will be encouraged in Downtown that is supportive of a unique and quality character with the goal of achieving a mixed-use environment.
- Future development standards will play a pivotal role in enhancing the character of Downtown.
- Capital projects in the Downtown core will back the implementation of this Revitalization Plan.
- This Revitalization Plan will function as a "living" document to help guide public and private investment in Downtown Dayton.

Why Now?

- Establish a unified vision for the future of Downtown Dayton.
- Implement one of the highest rated priority action items in the Comprehensive Plan.
- Better coordinate public and private improvements.
- Create a new brand and identity for Downtown Dayton.
- Guide property owners and prospective developers.
- Reinforce Downtown as the "heart" of Dayton.
- Balance public and private investment in new growth areas with new public and private reinvestment in older areas in the City, especially Downtown.
- Reverse underutilization of Downtown property.
- Optimize property values and fiscal impact benefits for the City.



Study Area

The downtown area comprises approximately 550.3 total acres. It is centrally located within the Dayton corporate limits and its extra-territorial jurisdiction (ETJ). Bisecting the downtown study area are several thoroughfares and the Union Pacific Railroad. The Dayton downtown area is approximately 35 miles northeast of Downtown Houston and 29 miles east of George Bush Intercontinental Airport.

Catalysts

A total of six key catalytic sites were prioritized as part of the Downtown Revitalization Plan. A catalyst site is one that strategically positions adjoining sites for redevelopment, thereby catalyzing overall added value potential in the study area.

1 BACKGROUND and INTRODUCTION

The City of Dayton is located at the convergence of U.S. Highway 90 (Old Spanish Trail), S.H. 146, F.M. 1960, S.H. 321 (N. Cleveland St.), F.M. 1409, three Union Pacific Railroad lines, and the soon to be constructed S.H. 99 (Grand Parkway). As shown on Figure 1, Regional Context, Dayton is located six miles west of Liberty, 45 miles northeast of downtown Houston, 27 miles east of George Bush Intercontinental Airport, and 40 miles northeast of William P. Hobby International Airport. The current city limit boundaries encompass a total area of 11 square miles.

According to the 2010 U.S. Census Bureau, Dayton is the second largest incorporated area in Liberty County at 7,242. Additionally, according to recent studies (e.g., 2013 Demographic Analysis Report, Houston-Galveston Area Council Regional Growth Forecast (H-GAC)), Dayton will experience exponential population and physical growth in the next two-three decades.

Given its proximity to Houston, rail and highway access, large undeveloped tracts in its city limits and extraterritorial jurisdiction, the upcoming construction of the Grand Parkway, and the continued development of the Gulf Inland Logistics Park, Dayton is well-positioned to capitalize on known market-based opportunities in the region. The expressed concern of current residents is for future quality growth and capacity that takes into consideration community character, recreational amenities, cultural opportunities, and Dayton's rich history in particular.

Relationship to Comprehensive Plan

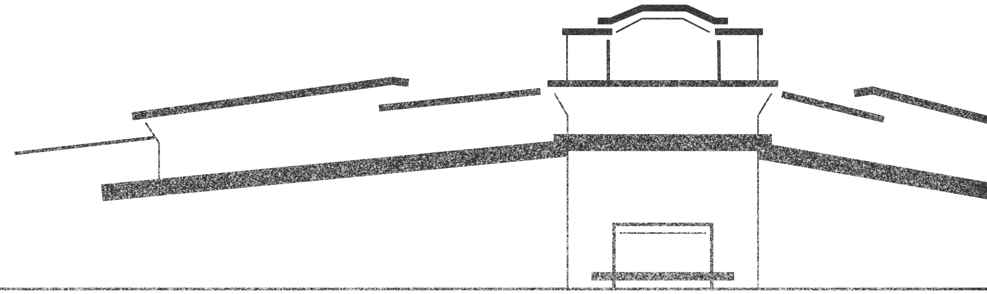
The City of Dayton City Council unanimously adopted the *#DaytonTomorrow2035* Comprehensive Plan at their November 27, 2017 Council meeting. The *#DaytonTomorrow2035* Comprehensive Plan involved an extensive public engagement process and resulted in an action plan for the Dayton community to undertake. During the course of the *#DaytonTomorrow2035* Comprehensive Plan process the importance of revitalizing Downtown Dayton became apparent. Undertaking the Downtown Revitalization Plan was identified in the *#DaytonTomorrow2035* Comprehensive Plan as a first critical step to achieving a revitalized Downtown Dayton.

Relationship to other Concurrent Planning Efforts

Parks Master Plan. The first Parks Master Plan for the City of Dayton helps to establish a foundation for the enhancement of existing parks and advancement of new parks.

Unified Development Code (and Neighborhood Protection). The first Unified Development Code for Dayton is another concurrent planning process that will help shape the physical environment via a regulatory framework that is market-friendly and flexible, but establishes better compatibility of uses and appropriate buffering standards. The proposed districts in the Neighborhood Protection ordinance establish unique characteristics that allow for certain permitted uses and clarify development outcomes.

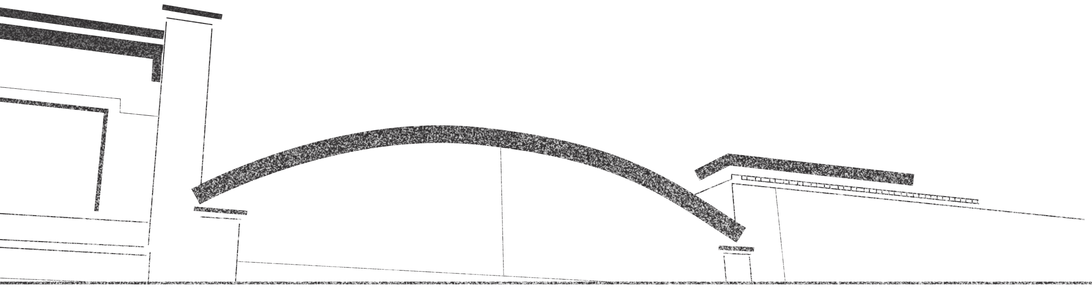
Tax Increment Reinvestment Zone (TIRZ) Creation. During the plan development phase, the City worked alongside its strategic partners to initiate Dayton's first two TIRZ Districts. The first, located at the Gulf Inland Logistics area, is vital to capturing Dayton's share of industrial market activity in the Houston region. The second, located in the Downtown area, serves the purpose of capturing added value resulting from successful implementation of this plan.



Purpose of Downtown Revitalization Plan

Downtown Dayton is the historic heart of the fast-growing City of Dayton. One of the advantages of the existing street grid in the downtown area is that it creates a very walkable and unique physical environment. Today's demographic shifts combined with known growth potential in and around the Dayton area, make it an ideal time for public and private reinvestment in Downtown. From a policy perspective, the adoption of the first-ever Comprehensive Plan, calls for a higher quality of life for residents. In today's world, downtowns can play a pivotal role in economic development, which ultimately has the ability to improve resident quality of life. Revitalizing Dayton's downtown is vital to balancing public and private investment in new growth areas with older areas of the City of Dayton, especially those in need of a redevelopment focus.

The Downtown Revitalization Plan considers physical improvements to the downtown area and provides a unique Downtown Dayton toolbox for implementation. By having a Downtown Revitalization Plan, the City of Dayton is taking an active step to signal a clear intention to redevelop Downtown and provide guidance on how and where the City would like such redevelopment to occur. The end goal is to ensure that the downtown area reflects desired community standards and serves as a viable place to live, work, play, and shop. The general approach and methodology utilized was to establish a vision grounded in regional and local market realities. From there, catalytic sites were selected and prioritized based on specific criteria and highest potential to spur redevelopment activity. The market tests developed as part of this plan provide a reality check for the concepts developed during the planning process that ultimately prove their development feasibility. The Downtown Revitalization Plan establishes a new vision and action agenda for the City of Dayton.



Engagement Strategy

In developing an engagement strategy for the area, continuous public input was established as the basis for the development of the Downtown Plan. The consultant team sought a diversity of engagement opportunities in a comfortable, familiar setting. The following groups were instrumental in the development of the overall plan:

- City of Dayton and the Dayton Community Development Corporation;
- Downtown area building owners and tenants;
- Current and prospective community residents;
- Developers, brokers, lenders, institutions; and
- Community organizations and leadership.

Four different methods of stakeholder engagement were used during the course of the planning process. The four methods are summarized below.

Downtown Revitalization Advisory Committee (DRAC)

The DRAC included 10 members representing the DCDC, City Council, and various community organizations to steer the plan development process. The consultants facilitated four DRAC meetings to ensure committee members provided feedback and direction at every project milestone.

Listening Sessions

Listening sessions were conducted with an average attendance of 5-8 participants each. These groups included land and business owners, developers, local brokers, realtors, appraisers, nearby residents, and representatives from the DCDC and City Council.

In-person Individual Interviews

Individual interview sessions were held to solicit specialized background information from City staff, brokers, residents, and other local downtown experts within the community at-large. The one-hour sessions allowed the consultants to ask detailed questions in a comfortable and confidential manner.

Open Houses

Four open houses were held to engage the community at-large. All were held directly in downtown. The activities at the open houses included formal presentations, hands-on activities, and visual preference opportunities.

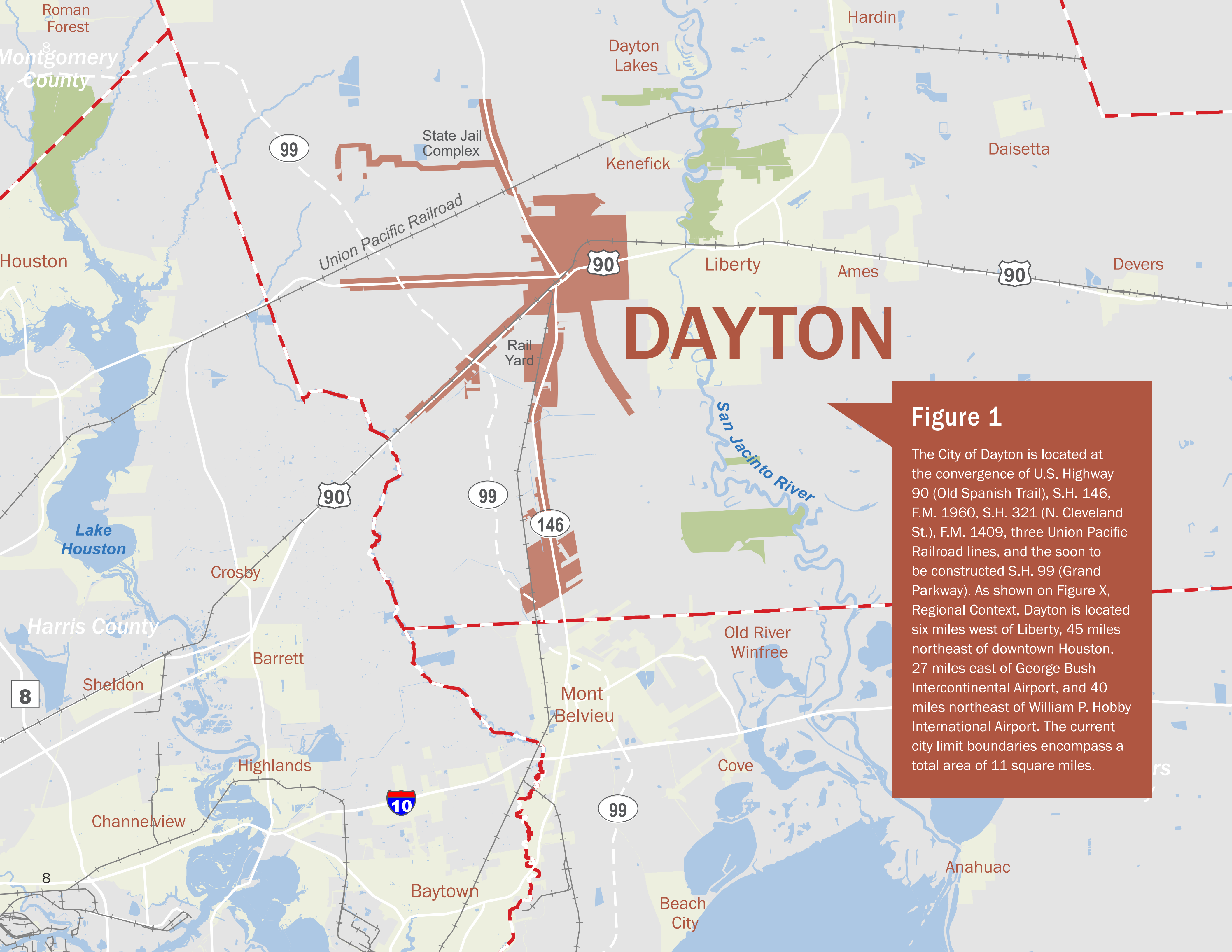
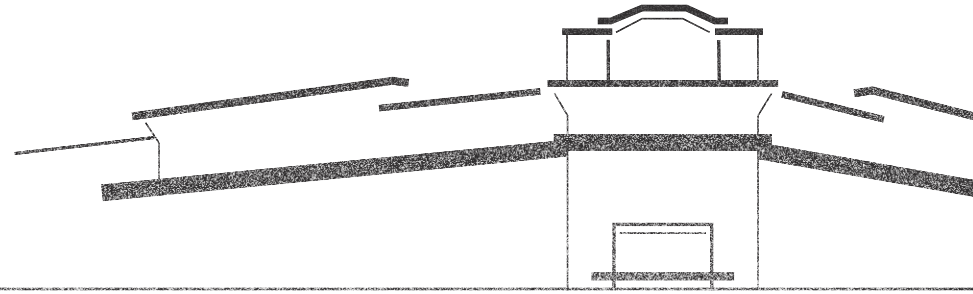


Figure 1

The City of Dayton is located at the convergence of U.S. Highway 90 (Old Spanish Trail), S.H. 146, F.M. 1960, S.H. 321 (N. Cleveland St.), F.M. 1409, three Union Pacific Railroad lines, and the soon to be constructed S.H. 99 (Grand Parkway). As shown on Figure X, Regional Context, Dayton is located six miles west of Liberty, 45 miles northeast of downtown Houston, 27 miles east of George Bush Intercontinental Airport, and 40 miles northeast of William P. Hobby International Airport. The current city limit boundaries encompass a total area of 11 square miles.



Regional Context

According to the 2010 U.S. Census Bureau, Dayton is the second largest incorporated area in Liberty County at 7,242. Additionally, according to recent studies (e.g., 2013 Demographic Analysis Report, Houston-Galveston Area Council Regional Growth Forecast (H-GAC)), Dayton will experience exponential population and physical growth in the next two-three decades, which is also the planning horizon for its recently adopted Comprehensive Plan (2017).

Dayton lies 73 feet above sea level. The climate in Dayton is characterized by hot, humid summers and generally mild to cool winters. At a latitude of 30 degrees above the equator, the Koppen Climate Classification system officially places Dayton in the humid subtropical climate category. Average annual precipitation is approximately 55 inches.

Given its proximity to Houston, rail and highway access, large undeveloped tracts in its city limits and extraterritorial jurisdiction, the upcoming construction of the Grand Parkway, and the continued development of the Gulf Inland Logistics Park, Dayton is well-positioned to capitalize on known market-based opportunities in the region. The expressed concern of current residents is for future quality growth and capacity that takes into consideration community character, recreational amenities, cultural opportunities, and Dayton's rich history in particular. The downtown study area, highlighted in the following section, underscores a need to balance known future growth opportunities with the heart of the city in its current form and character.

Downtown Dayton through the Years

From Dayton Historical Society website:

> "One aspect that has been consistent is Main Street. 1912 was a banner year for construction on Main Street with buildings stretching the entire block. At the north end of the block (between Cook and Depot Streets), evidence of Kline's Store still exists in the form a mosaic floor entrance. It was there for more than 40 years. On the opposite side of the street, all of the historic buildings, some of which were built by Ross Sterling who became Governor of Texas in 1931, have been replaced a few at a time between 1968 and 2007."




Plan Study Area (Downtown District)

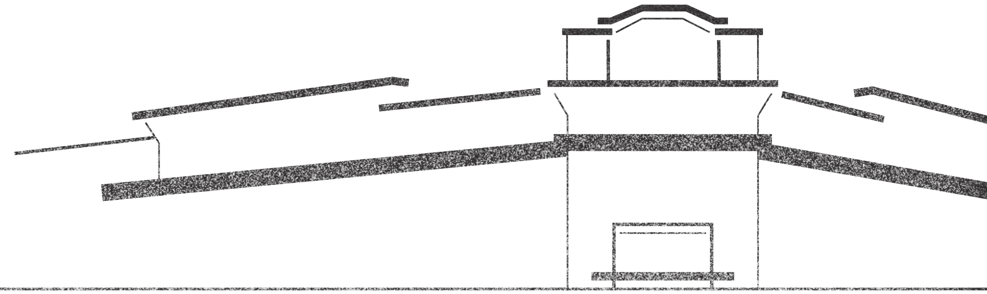
The boundaries of the Downtown District established for the Downtown Revitalization Plan include the ‘core’ downtown area as well as adjacent areas that also shape the Downtown. Establishing a boundary for the district delineates the area in which the Plan’s recommendations will be focused. The Downtown District is intended to encompass those areas in which it will be beneficial to utilize the implementation toolbox. In an effort to expedite or catalyze reinvestment in the downtown area, the City initiated the creation of a Tax Increment Reinvestment Zone (TIRZ). The TIRZ will serve as one of the primary financing tools to help expedite implementation of the plan.

Figure 2, *Downtown District*, depicts the Downtown District boundaries as initially defined and refined through the engagement and planning process. The district encompasses properties adjacent to SH 321 (N. Cleveland-S. Cleveland), US Highway 90 through the heart of the City, SH 146, FM 1960, FM 1008 (W. Clayton Street), Main Street, Depot Street, and other central streets making up the original City grid. Also located in the downtown area are key sites, including the Dayton Community Center, City Hall, the Old School Museum, the rice elevator site, and other strategic assets.

City’s Accomplishments Downtown

- Adoption of *#DaytonTomorrow2035* Comprehensive Plan
- Downtown Revitalization Plan
- Unified Development Code
- Establishment of the Dayton Historical Society 501 (c) (3) nonprofit agency to help promote the history and quality of life
- Dayton Community Development Corporation Façade Improvement Grant
- Eight historical markers at key locations in and around Downtown Dayton
- Planned physical improvements to Highway 90 right-of-way, including widening to six lanes

Figure 2, Plan Study Area (Downtown District)



Downtown Assets and Liabilities

Liabilities

Lack of destinations

Lack of unique identity

Properties in need of upkeep/reinvestment

Condition of sidewalks or their absence

Aging infrastructure does not support even a minimum level of future investment

Large number of curb cuts and driveways

Existing developments that do not support the vision for a downtown district

Assets

Transportation access via regional transportation facilities

Regional proximity to greater Houston area

Existing grid network of short blocks in downtown area makes the area walkable

Historic community and historic properties in the downtown area

Strong community support to reinvest in downtown

Catalyst sites (specific redevelopment sites with the highest and fastest potential to catalyze further redevelopment in Downtown Dayton)

Recent private investment

2 EXISTING DOWNTOWN DAYTON

Existing Land Use, Ownership Patterns and Property Utilization

Within the study area, there are a high number of parcels owned by public institutions and churches, as well as parcels that are vacant. While in today's modern regulatory framework, downtown areas attempt to facilitate the delivery of diverse development products, Dayton's downtown has uses that are not appropriate for a fiscally productive downtown area. Among them is one downtown block that is entirely comprised of a large self-storage facility located at the intersection of Church and Cook. Though this development product is not typically seen in more urbanized downtowns, there are several underlying factors that eased the development of the product type, including low property values and a lack of the proper regulatory framework to support more targeted development in line with the historic character of Dayton.

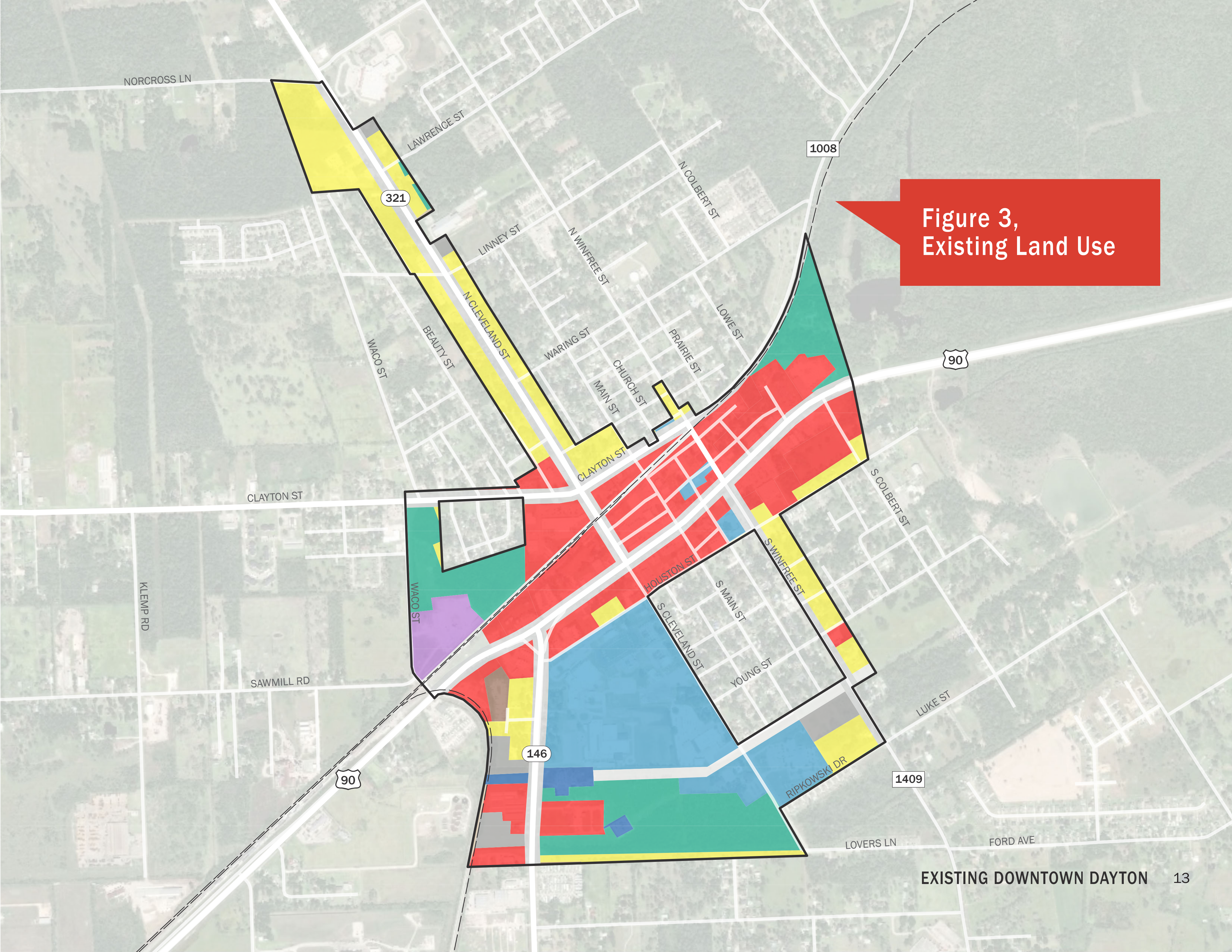
In fact, existing land uses in the downtown area are predominantly single-use, and include a mix of residential, retail, industrial, public/institutional and right-of-way. As previously mentioned, most of the commercial uses in downtown are centered around and along Highway 90. In its current grid-like form, the downtown area is in theory the most walkable in the City. The core downtown area is surrounded by several established and some new residential developments.

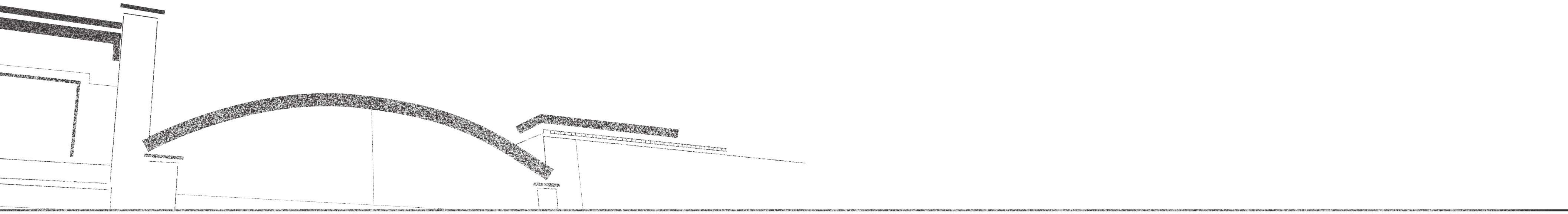
Table 1, Existing Land Uses

Existing Land Use	Acres	%
General Residential	98.0	17.7
Mobile Homes	3.5	0.6
Public/Institutional	95.1	17.2
General Commercial	138.5	25.0
Industrial	11.9	2.2
Utilities	6.0	1.1
Park/Open Space	2.3	0.4
Agricultural	0.9	0.2
Vacant	13.7	2.5
Undeveloped	80.8	14.6
ROW	102.8	18.6
TOTAL	**553.5**	**100.0**

Seventy-six parcels and approximately 553.5 acres comprise the entire downtown area. The highest percentage of land use is attributed to general commercial, general residential and public/institutional. Combined, the three predominant land uses account for a total of 331.6 acres or approximately 60 percent of all existing land use in the downtown area. Vacant and undeveloped land account for 94.5 acres or 17 percent. Of the 553.5 total acres in downtown, 301.6 acres, or fifty-four percent, are attributable to uses that do not generate significant fiscal value for the City.

Figure 3, Existing Land Use

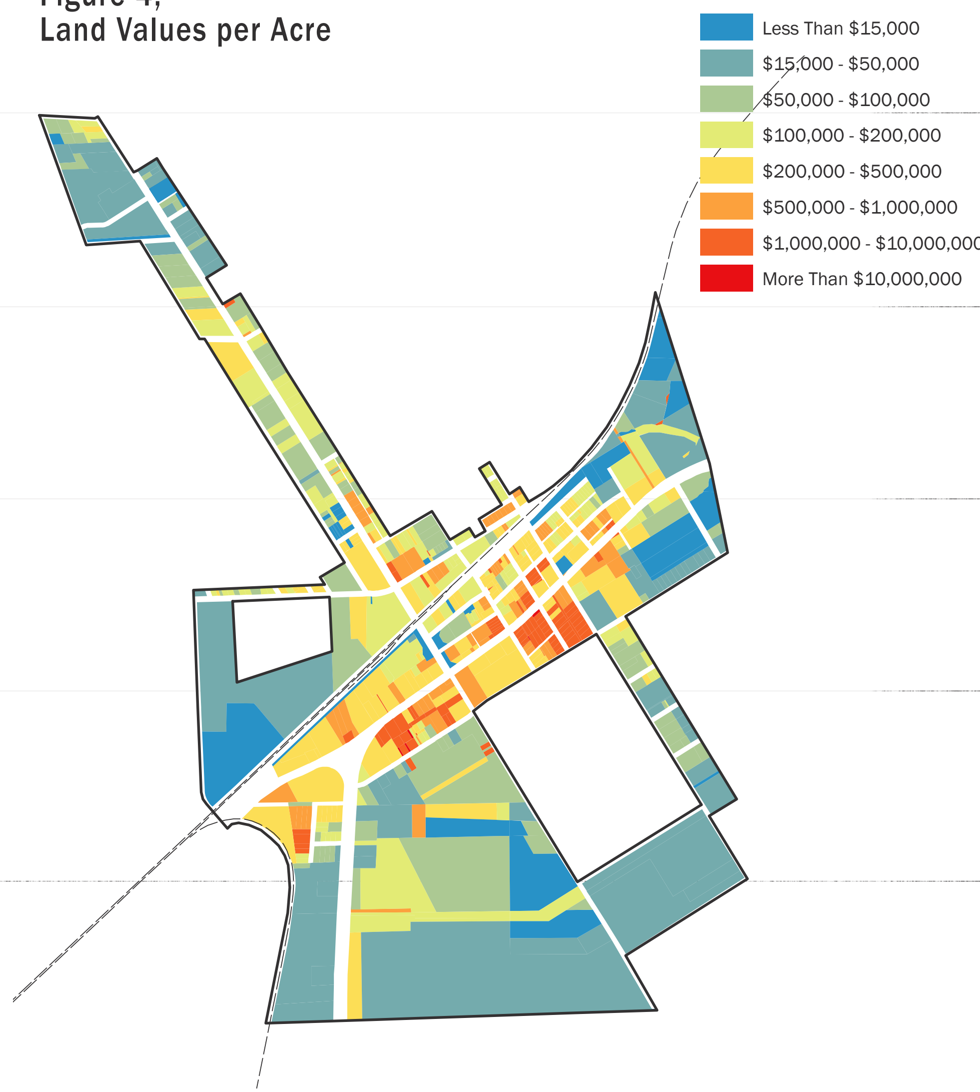




Property Utilization

Property utilization in the downtown study area has a high incidence of underutilization. Underutilization characterizes an area with a high incidence of parcels that are either vacant, undeveloped, partially improved, or have an improvement value that is disproportionately small compared to the land value. Utilization in the downtown study area is measured by quantifying the ratio between improvement and total value. Measuring utilization may show that properties support appropriate investment levels and that development patterns among improved properties are relatively efficient. On the other hand, measuring utilization may also show that the high incidence of undeveloped land in the area is due to the cost-prohibitive nature of developing sites with limited utility. Vacant properties, though commonly thought of as low-hanging investment targets, conceal other prospective investment properties that can support a “higher and better use.” Properties that can support a higher and better use are characterized by a disproportionately high land to improvement value. An understanding of utilization in the downtown area is fundamental to determining the feasibility of different development and redevelopment products and concepts.

Figure 4,
Land Values per Acre



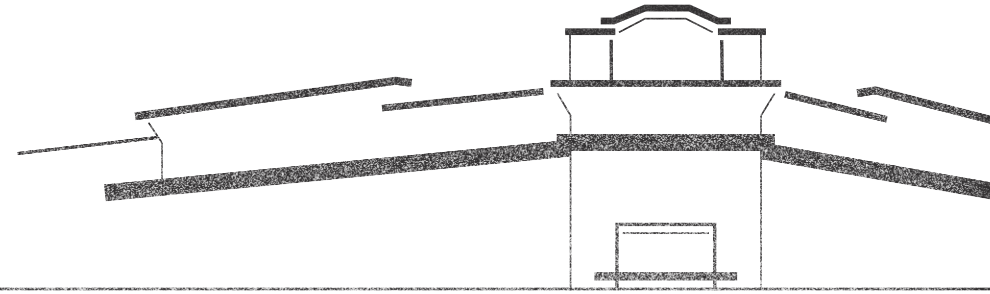


Figure 5, Improvement Values per Acre

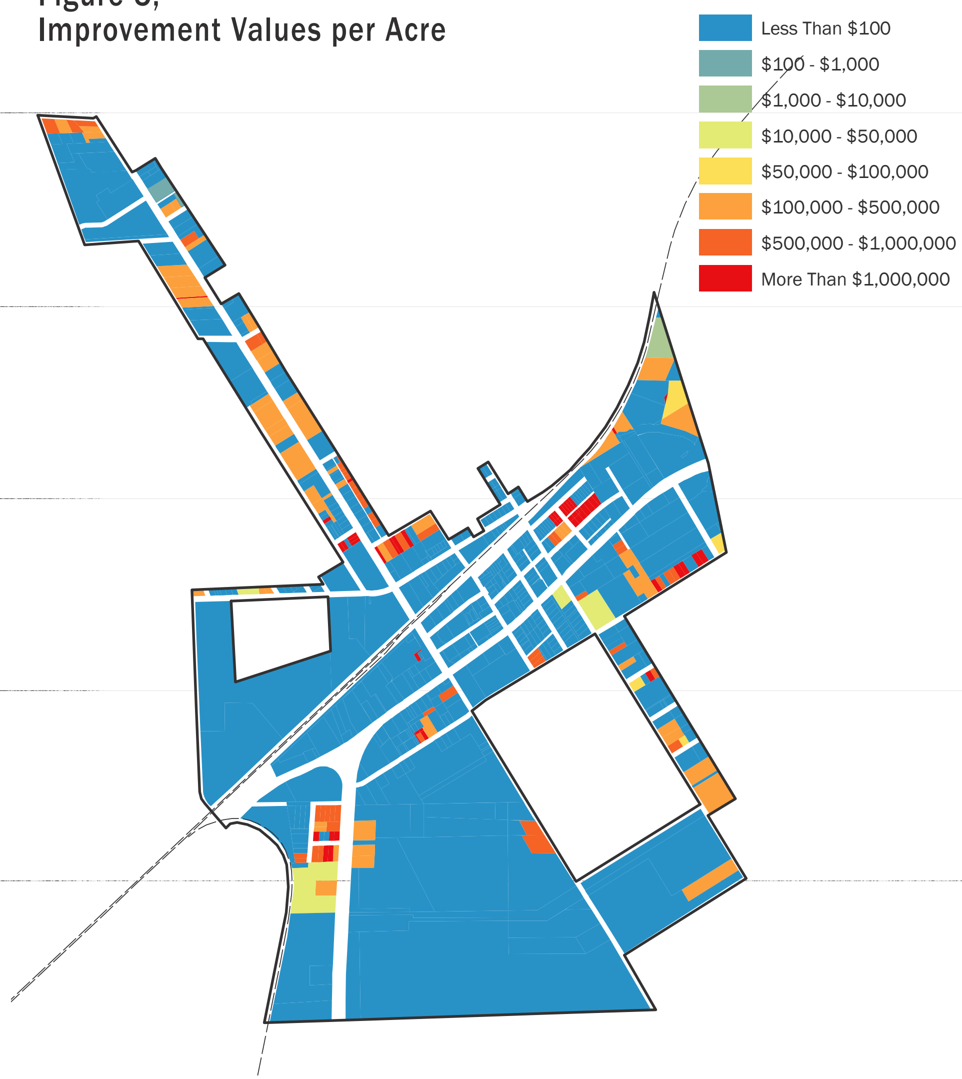
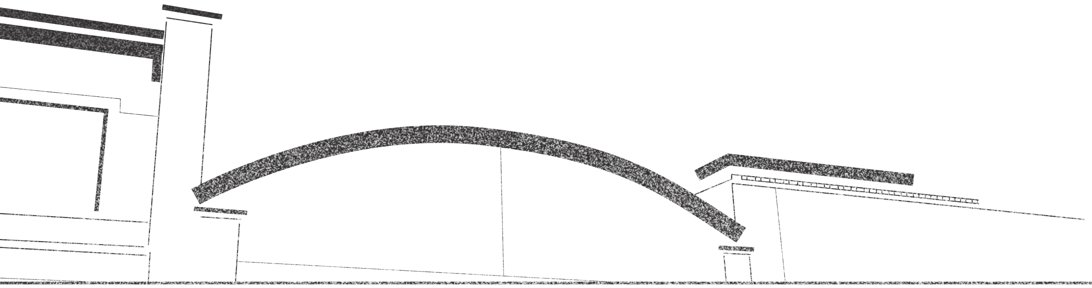


Figure 6, Downtown Total Improvements



Central Business District Rent Structure

As noted earlier and at the time of this report, property valuations were generally low in the downtown area. The total valuation for the downtown area was $XXXX. Along with property valuations, one of the more critical economic indicators in a downtown is the rent structure. Since most businesses in a downtown area are not owners and downtowns are a very strong indicator of a city's ability to support an entry or startup business environment, rents are a fundamental economic indicator. Similarly, very low rents can also be an indicator of an area in decline. Table 2, *Rents in the CBD of Select Incorporated Municipalities in the Houston Region*, Dayton's retail rent is lower than most comparison communities and retail buildings with similar age, but higher than Cleveland's in Liberty County.

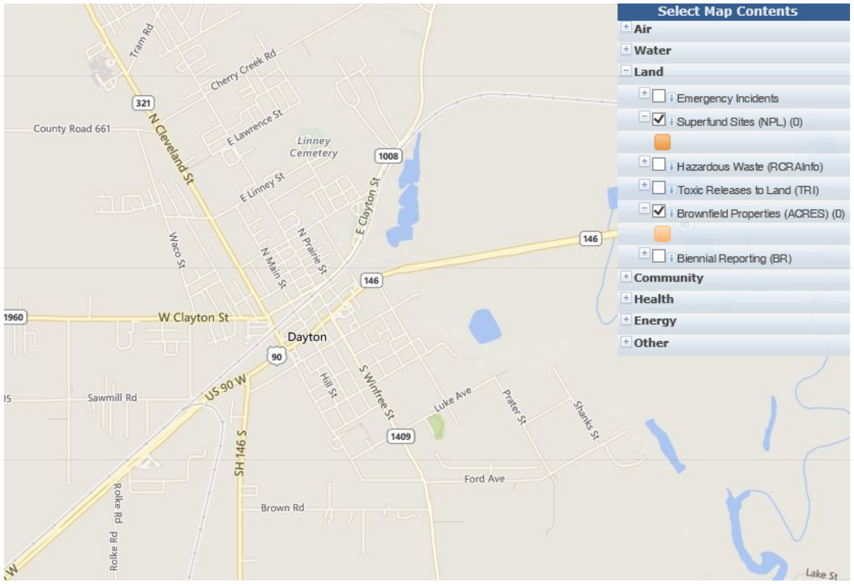
Table 2, Rents in the CBD of Select Incorporated Municipalities in the Houston Region

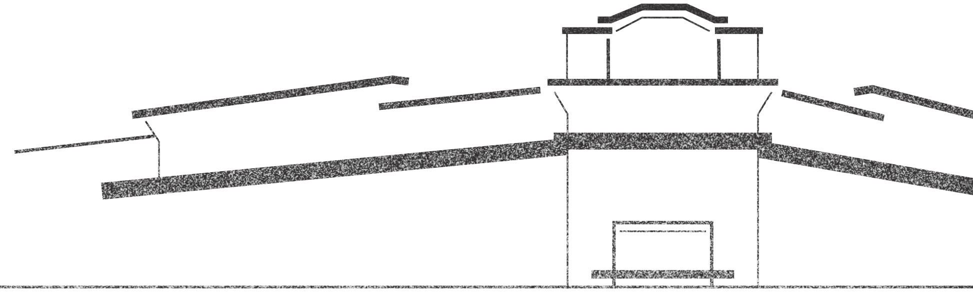
City	County	Property Type	Rent ($/ SF/Month)	Year Built
Dayton	Liberty	Retail	$0.51	1972
Cleveland	Liberty	Retail	$0.10	2016
Sugar Land	Fort Bend	Retail	$1.20	1978
Conroe	Montgomery	Retail	$1.00	1982
Pearland	Brazoria	Retail	$1.98	1984
Katy	Harris	Retail	$1.50	1984
		Average	**$1.05**	**1986**

Environment

According to the Environmental Protection Agency (EPA) database and Figure 7, *Environmental Sites*, there are currently no environmentally contaminated sites in and around the vicinity of Dayton's downtown area.

Figure 7, Environmental Sites





Development Pattern and Trends

The existing development pattern in Dayton follows a very traditional grid of blocks and narrow streets. The Union Pacific Railroad bisects the downtown area. The remnants of past economic times remain throughout the downtown area, particularly the rice dryer facility at the corner of FM 1960 and Cleveland Street. The rice dryer site, while seen by many residents as contributing to the historic nature of Dayton, is also seen by many other residents as an eye sore.

While recent development trends in the region have pointed to more urbanized and walkable developments, most new development and redevelopment has not occurred within the City of Dayton corporate limits. In the downtown area, Dayton has seen little investment or reinvestment. Instead, a lack of zoning and modernized development regulations has undermined the desired character in and around the downtown area.

The planned Grand Parkway, which is soon set to begin construction, will play a pivotal role in creating new development opportunities directly to the west of the downtown core. Recently completed sections of the Grand Parkway have led to large, new commercial and residential developments throughout the Houston region. It is a goal of the Downtown Revitalization Plan for Dayton to capitalize on the new development opportunities presented by the Grand Parkway, while redeveloping its historic core.

Transportation System

The downtown area is easily accessible by way of a number of thoroughfares that traverse the area. As seen on Figure 9, the major thoroughfares converge in the downtown area. Highway 90, S.H. 321 (Cleveland St.), F.M. 1960 and S.H. 146 are considered critical to regional mobility. The proposed section of the Grand Parkway that will run along the City's west side, is another important piece to cementing Dayton as an important player in the Houston economy. Furthermore, the convergence of the railroad in Dayton presents critical challenges and opportunities. While the railroad presents a physical barrier, especially at a number of at-grade crossings throughout the downtown core, as well as a cause of congestion, it is also fundamental as a driver of local economic activity. The Burlington Northern Santa Fe (BNSF) Railway and Union Pacific (UP) Railroad provide the 1,500 acres industrial park in Dayton with direct access to two Class I rail carriers, seen in Figure 8, *Gulf Island Logistics Park.*

A number of critical intersections dot the study area. Listed below are the ones with the highest known traffic counts.

- Highway 90 at Church Street
- Highway 90 at S.H. 321 (Cleveland Street)
- Highway 90 at Main Street
- Highway 90 at F.M. 1409 (Winfree Street)
- Highway 90 at S.H. 146

It's important to note that most of these key intersections are primarily along Highway 90. While there are currently plans to design Highway 90 to a six-lane paved section, Highway 90 must also remain walkable to support the typical character of walkable downtowns. The recently adopted Comprehensive Plan identified ways to improve Highway 90's design by highlighting pedestrian improvements, as well as a landscaped median. Other safety improvements, such as crosswalk improvements, were also highlighted, especially considering the number of crossings along Highway 90 and the number of pedestrians crossing the Highway 90 right-of-way at peak traffic times in the morning and evening hours.

Figure 8, Gulf Island Logistics Park

Source: CMC Railraod

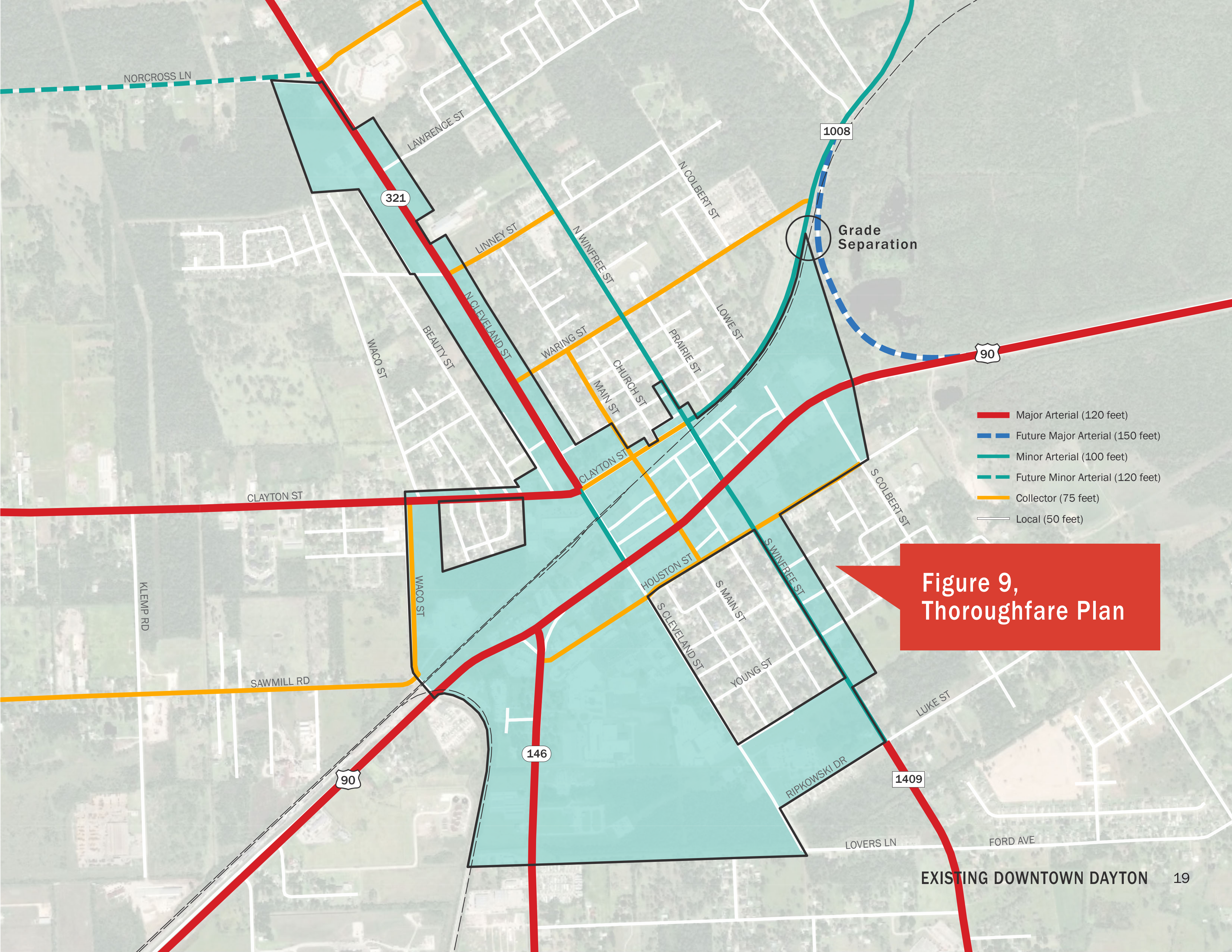


Figure 9, Thoroughfare Plan

Circulation

Traffic circulation in the downtown core is average. The biggest obstacle to achieving a higher level of mobility remains the amount of traffic caught in at-grade railroad crossings. Although the underpass on N. Cleveland is a benefit to greater mobility in the downtown area, residents expressed a concern that flooding also plagued the underpass during heavy rain events.

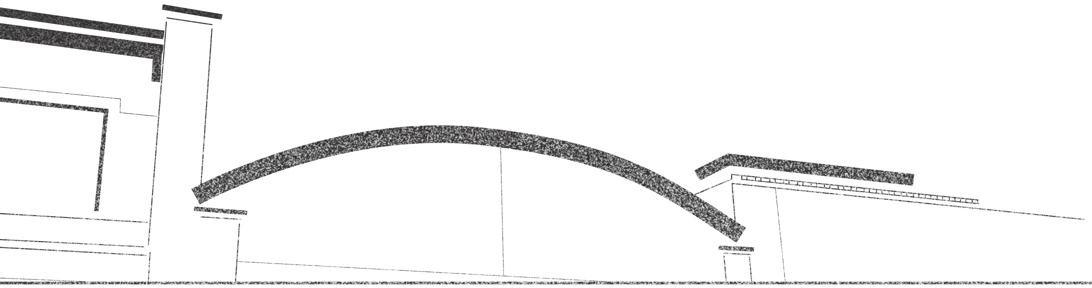
Driveway Locations

The number of driveways throughout the downtown area are particularly visible on Highway 90, especially at several fast food drive throughs. Driveway locations undermine mobility and access management in the area. Improving site design standards to allow for shared access and parking, wherever feasible, might help alleviate this long-term liability. Figure 10, shows the number of driveways on Highway 90.

Parking

Since most of the streets in the downtown are in their original configuration, paved sections of most rights-of-way are narrow. However, they are still sufficiently wide to carry through traffic and also allow angled and parallel forms of on-street parking. There is a combination of angled and parallel, off-street parking spaces on Main Street and Church Street. All of these spaces are available for public use at no charge. Additional parallel, on-street parking is provided on Cook Street. In many other cases, there are a number of off-street parking spaces directly adjacent to the paved section of rights-of-way throughout the downtown area, including Sterling Avenue, Bryan Street and Depot Street. Generally, though, the majority of parking spaces in the downtown vicinity are on private surface lots. While downtown tenants and building owners expressed concern that parking demand far exceeds supply, there are no major projects in the downtown pipeline that would substantiate significant parking improvements, including a parking garage. Parking garages are more common and successful in downtowns with development density levels commensurate with high demand.

Figure 10, Driveway Locations



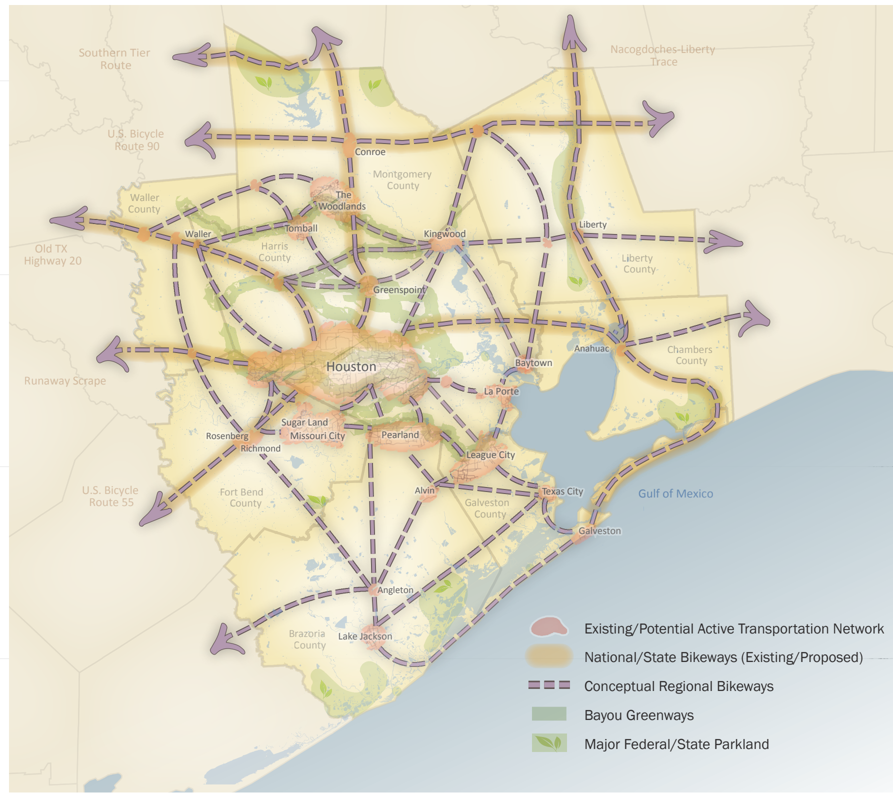
Sidewalks

While sidewalks do exist in the downtown study area, and most are in fair condition, interest in improving sidewalks throughout downtown dominated discussion during the public engagement process. In particular, residents expressed an interest in creating more of a premium, pedestrian-friendly environment, including significant streetscape improvements. The City has begun improving ADA access throughout the downtown area, and will continue to do so in future capital improvement plan years.

Bicycle Access

There are currently no existing or planned bicycle routes in the downtown area. However, in its 2040 Regional Bikeways Plan and as seen on Figure 11, the Houston-Galveston Area Council has identified an important conceptual priority level connection between Liberty and Dayton. In addition to that connection, there is also a conceptual regional bikeway shown that forms an important juncture through Dayton's core.

Figure 11, H-GAC Regional Bikeway Network



Source: H-GAC

3 MARKET CONTEXT

The market analysis conducted by Ricker-Cunningham focused on identifying market opportunities within a trade area representative of potential development program elements (primarily attached residential product types, ground floor retail/restaurant, and office/employment). A trade area is defined as an area from which a project (s) or locale will draw the majority of its residents (housing), patrons (retail), employees (office, industrial, institutional), and visitors (lodging) – and those areas that will likely be a source of competition and demand. As seen on Figure 12, *Dayton Trade Area*, the boundaries of the trade area are often irregular as they are influenced by the following conditions:

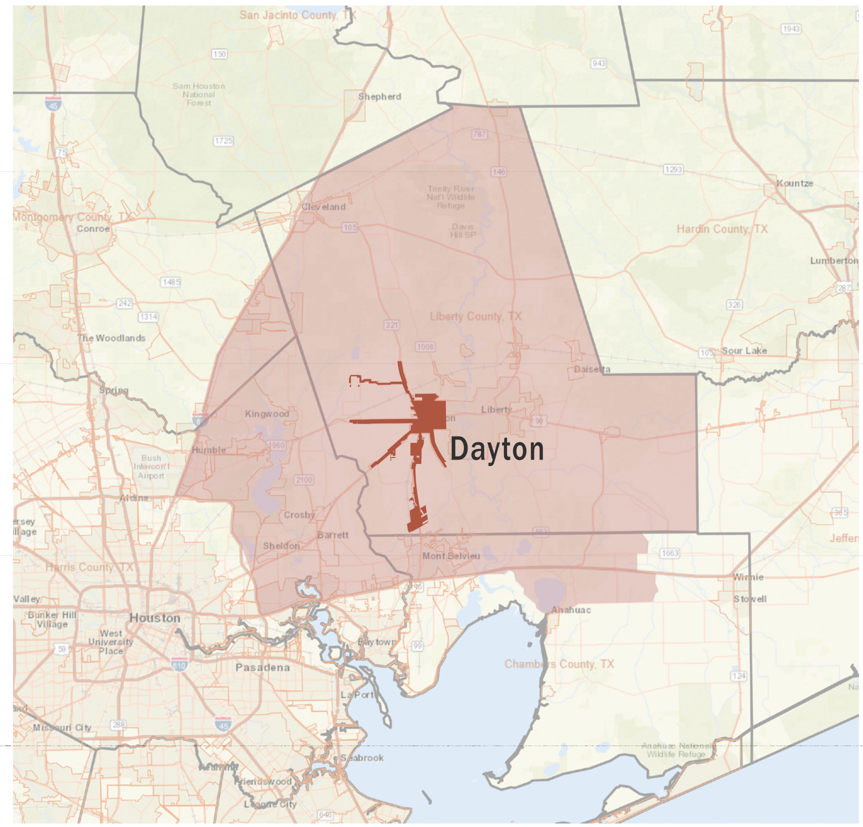
- Physical Barriers or Constraints
- Location of Possible Competition
- Proximity to Population and/or Employment Concentrations
- Zoning
- Market Factors
- Drive Times, Spending and Commuting Patterns

The trade area is kept generally large to account for the potentially unique appeal of mixed-use, smaller-town urban infill projects.

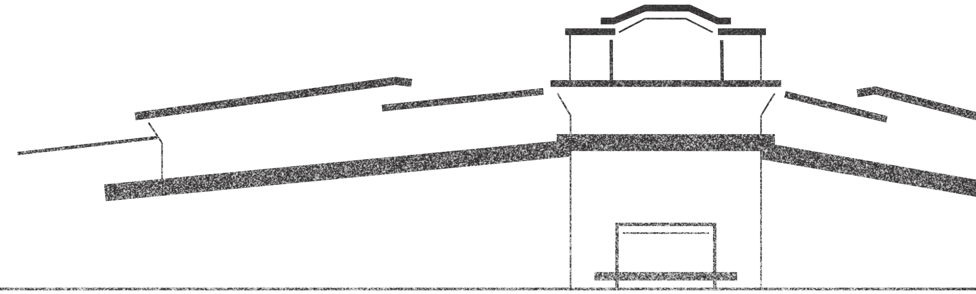
Purpose of Market Analysis

- Ensure Planning and design is grounded in market and economic reality.
- Provide independent story for developers and investors.
- Set the stage for implementation.

Figure 12, Dayton Trade Area



Source: ESRI



Market Feasibility Considerations

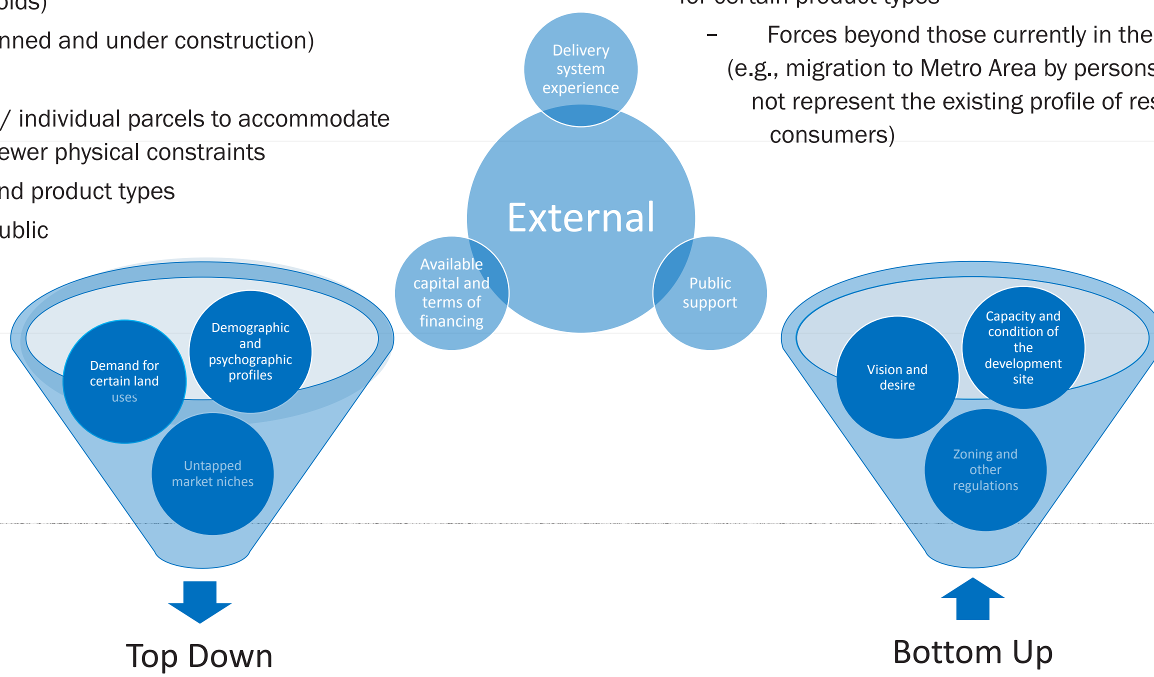
A number of factors influence an area's ability to capture investment dollars. These can be categorized as: top down considerations; bottom up considerations; external considerations; and others. Some the public sector (or stakeholder entities) can control, and others they cannot.

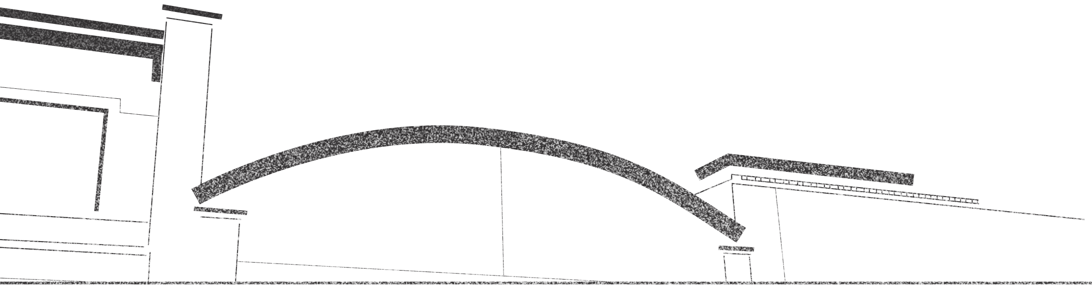
Top-Down Considerations

- Demand for certain land uses
- Demographic and psychographic conditions which support certain product types
- Untapped market niches (product voids)
- Competitive projects (proposed, planned and under construction)
- Bottom-Up Considerations
- Physical capacity of the community / individual parcels to accommodate market-supported product types – fewer physical constraints
- Vision and desire for certain uses and product types
- Size of parcels, parcel ownership (public and private), owner investment objectives
- Zoning (and other regulations) and presence of easements

External Considerations

- Delivery system – who are the area's builders / developers, what are they willing and able to offer
- Financing markets – availability of capital with reasonable funding terms for certain product types
- Forces beyond those currently in the market (e.g., migration to Metro Area by persons who do not represent the existing profile of residents and consumers)





Demographic Profile

Table 3, Demographic Profile

Source: Ricker | Cunningham and KKC

2017 Indicator (unless otherwise noted)	 City of Dayton	 Dayton Trade Area
2010 Population	7,242	401,600
2017 Population	7,969	442,700
2017 Households	2,650	147,700
Annual Household Growth Rate (Projected through 2027)	2.0%	2.8%
Average Household Size	2.68	2.94
Percent Non-Family Households	26%	22%
Percent One- and Two-Person Households	56%	50%
Percent Renters	39%	25%
Percent Age 65+	14%	11%
Percent Age 0-17	29%	26%
Median Age	34.6	35.3
Percent With Bachelors Degree	9%	17%
Median Household Income	$54,100	$71,100
Percent With Income Below $25,000	24%	14%
Percent With Income Over $100,000	21%	34%
Percent Hispanic	20%	28%
Percent Black/African-American	15%	14%
Percent Asian American	2%	2%

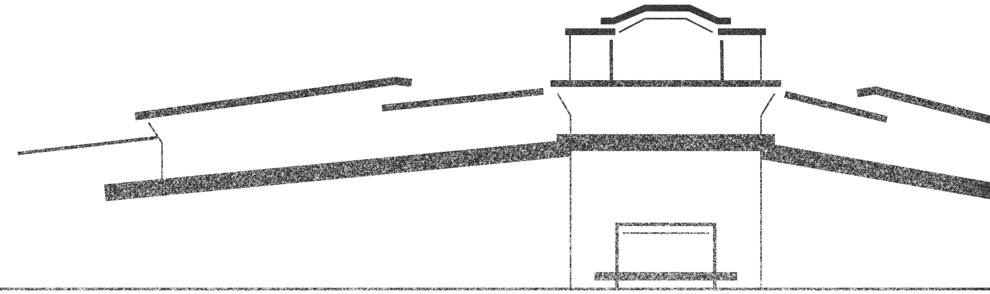
Demographic Takeaways (refer to Table 3)

- The Northeastern Houston Metro Area is projected to grow at a rate 1-1/2 times faster than the overall Metro Area over the next two decades.
- The Trade Area is projected to grow faster than the City over the next 10 years.
- The higher percentage of nonfamily and one-and two-person households, the lower average household size and the higher share of renters suggest a range of City household profiles that include couples without children and single parents.
- The higher percent of the City population age 65 and over indicates strong demand for senior or low-maintenance housing products.
- The Trade Area has a higher degree of ethnicity than the City, as well as a higher-income profile.

Psychographic Takeaways (refer to Table 4 and 5)

Psychographics is a term used to describe the characteristics of people and neighborhoods which, instead of using purely demographic, speak more to attitudes, interests, opinions and lifestyles.

The major forces of globalization, technology, urbanization, and demography are constantly interacting with each other and having a direct impact on the local real estate industry.



As with the demographic profile, the Trade Area's psychographic profile indicates Dayton is:

- Family-oriented
- Middle- to upper middle-income
- Ethnically diverse

Moreover, employing psychographic analyses, in addition to traditional demographic analyses, is resulting in more developments benefiting from higher net premiums and a faster than average sales velocity. Employing both techniques reveal that Boomers and Generation X and Y individuals choose dense urban settings, but for different reasons -- their age-life circumstances and profiles drive the housing products.

Demographics vs. Psychographics

Demographics reflect basic characteristics of the population, e.g., sex, age, income, ethnicity, education, etc.

Psychographics describe the characteristics of people and neighborhoods, which instead of being purely demographic, speak more to attitudes, interests, opinions and lifestyles.

Psychographics put a "face" on the demographics.

Table 4, City of Dayton Psychographic Profile

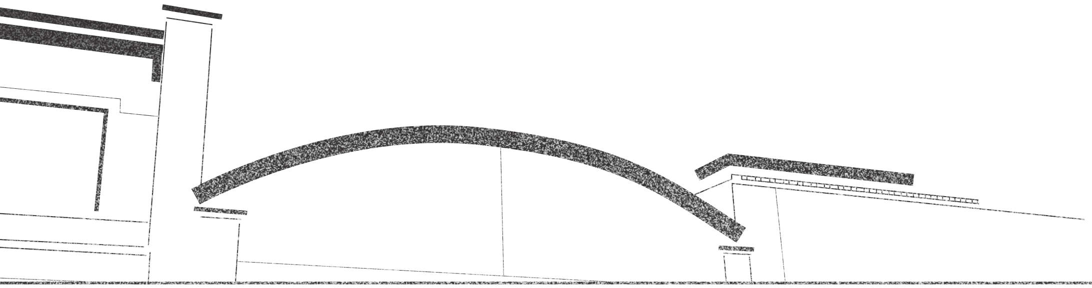
Lifestyle Segment	Area Households	% of Total Households	U.S. Index=100*
Down the Road	1,069	37.0%	3,243
Southern Satellites	708	24.5%	783
Middleburg	631	21.9%	767
Barrios Urbanos	371	12.9%	1,227
Green Acres	107	3.7%	115
Total Above Segments	2,886	100.0%	--
Total Trade Area	2,886	100.0%	--

* Indicates concentration of this segment relative to U.S. average. A segment index of 200 would mean that this group contains 2 times the concentration of employees/households compared to the average U.S. community.

Source: ESRI and Ricker | Cunningham

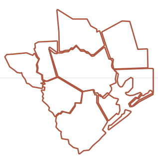
Table 5, Dayton Trade Area Pyschographic Profile

Lifestyle Segment	Area Households	% of Total Households	U.S. Index=100*
Southern Satellites	22,916	15.5%	496
Up and Coming Families	20,696	14.0%	595
Boomburbs	15,613	10.6%	650
Home Improvement	10,763	7.3%	424
Down the Road	9,206	6.2%	546
American Dreamers	8,806	6.0%	402
Barrios Urbanos	6,656	4.5%	430
Savvy Suburbanites	6,449	4.4%	147
Middleburg	5,681	3.8%	135
Green Acres	4,764	3.2%	101
Total Above Segments	111,550	75.5%	–
Total Trade Area	147,682	100.0%	–



Trade Area Residential Market Conditions

Table 6, Residential Supply—Building Permits

	Housing Unit Type	2013	2014	2015	2016	2017	Total	Annual Average	% of Metro Area
City of Dayton									
	Single Family Detached	8	16	16	57	76	173	35	0.1%
	Single Family Attached (2-4 units)	0	0	0	0	0	0	0	0.0%
	Multi-Family (5+ units)	0	15	0	0	0	15	3	0.0%
	Total Units	8	31	16	57	76	188	38	0.1%
Houston Metro Area									
	Single Family Detached	34,542	38,323	36,286	35,367	36,348	180,866	36,173	100.0%
	Single Family Attached (2-4 units)	142	382	317	311	325	1,477	295	100.0%
	Multi-Family (5+ units)	16,649	25,044	19,798	9,054	5,722	76,267	15,253	100.0%
	Total Units	51,333	63,749	56,401	44,732	42,395	258,610	51,722	100.0%

Source: ESRI and Ricker | Cunningham

Residential Supply—Building Permits Takeaways (refer to Table 6)

- Metro Area residential growth is still driven by single family housing, comprising 70% of units built over the past 5 years, with multifamily units comprising 29% of units built.
- Single family attached units (townhomes, condos, rowhouses, etc.) still make up an infinitesimal portion of total construction, even though demand continues to increase for these types of products.

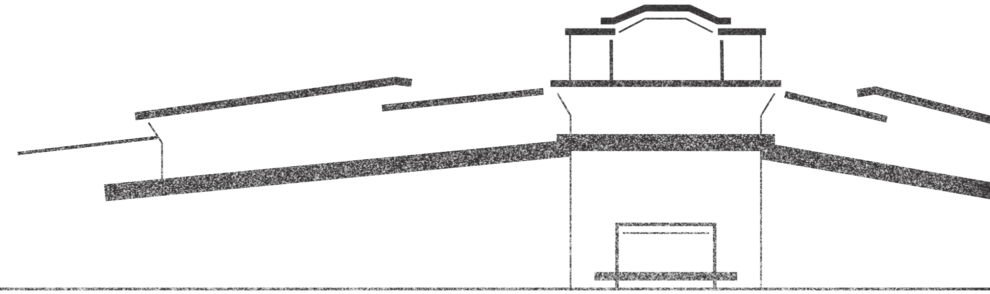
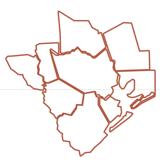


Table 7, Residential Supply—Apartment Conditions

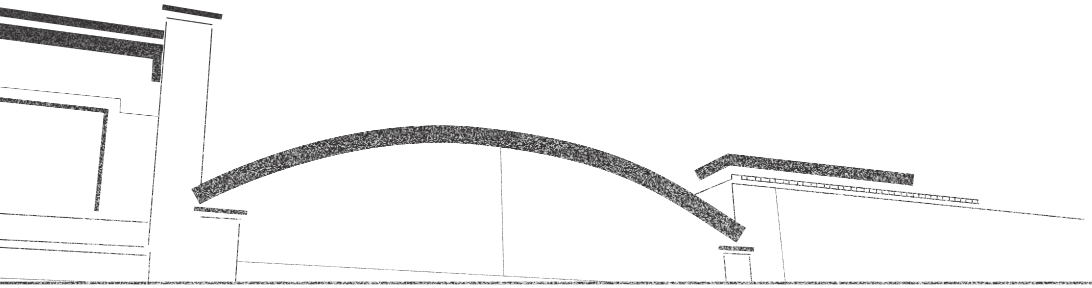
		1st Qtr 2018
Northeast Submarket		
	Total Units	63,740
	Average Rent per Sq Ft	$0.97
	Occupancy Rate	88.9%
	Net Absorption (units)	623
	Under Construction (units)	1,276
	Proposed Construction (units)	1,100
Houston Metro Area		
	Total Units	642,037
	Average Rent per Sq Ft	$1.16
	Occupancy Rate	89.7%
	Net Absorption (units)	2,956
	Under Construction (units)	10,958
	Proposed Construction (units)	17,130



Source: CBRE Multifamily Marketview, 1st Qtr 2018 and Ricker | Cunningham

Residential Supply—Apartment Conditions Takeaways (refer to Table 7)

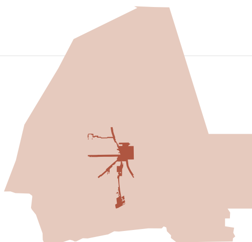
- Metro Area residential growth is still driven by single family housing, comprising 70% of units built over the past 5 years, with multifamily units comprising 29% of units built.
- Single family attached units (townhomes, condos, rowhouses, etc.) still make up an infinitesimal portion of total construction, even though demand continues to increase for these types of products.



Residential Demand

The Trade Area has the opportunity to realize significant growth in residential development activity over the next 10 years – potentially adding over 47,000 new housing units, approximately 26% of which could be rentals (primarily market rate apartments).

Table 8, Downtown Dayton Trade Area Residential Demand Analysis



Households	2017	147,700		
	2022	169,569	Annual Growth Rate	2.8%
	2027	194,676		
Household Growth	**(2017-2027)**	**46,976**	Adjust for second homes, demolition, and vacancy	1.0%
Adjusted Unit Requirement		**47,445**	Percent Rental	26%

				Trade Area Demand from New Households (10-yr)				
Annual Household Income Range (2010 dollars)	Approximate Rent Range	Supportable Home Price Range	Current Households in Income Bracket	New Households by Income Bracket	Total Units	Estimated % Rental	Total Rental Units	Total Ownership Units
up to $15K	up to $375	up to $75K	6%	6%	2,847	95%	2,704	142
$15-25K	$375 - $625	$75 to $100K	7%	6%	2,847	75%	2,135	712
$25-35K	$625 - $875	$100 to $150K	8%	6%	2,847	65%	1,850	996
$35-50K	$875 - $1,000	$150 to $200K	12%	11%	5,219	55%	2,870	2,349
$50-75K	$1,000+	$200 to $250K	19%	18%	8,540	20%	1,708	6,832
$75-100K	$1,000+	$250 to $350K	14%	15%	7,117	10%	712	6,405
$100-150K	$1,000+	$350 to $500K	18%	20%	9,489	4%	380	9,110
$150K and up	$1,000+	$500K and up	16%	18%	8,540	2%	171	8,369
Totals			**100%**	**100%**	**47,445**	**26%**	**12,530**	**34,915**

Source: Houston-Galveston Area Council; ESRI, Inc.; and Ricker | Cunningham.

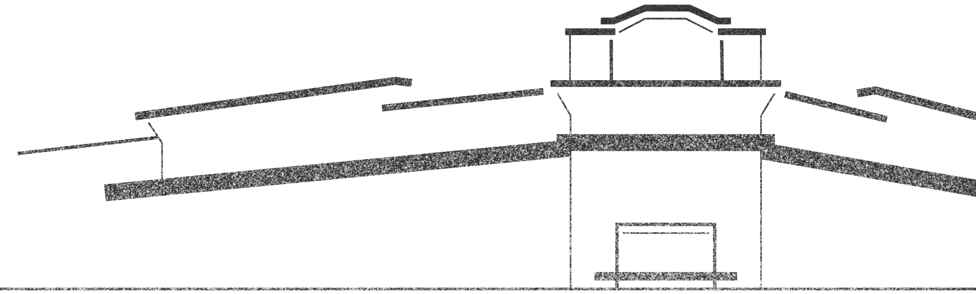


Table 9, Single Family (SF) Attached Ownership Demand Analysis

Annual Household Income Range	Approximate Home Price Range	Trade Area For-Sale Demand (Incomes $15K+)	Estimated % Single Family Attached	Trade Area Single Family Attached Demand
$15-25K	$75 to $100K	712	25%	178
$25-35K	$100 to $150K	996	25%	249
$35-50K	$150 to $200K	2,349	25%	587
$50-75K	$200 to $250K	6,832	25%	1,708
$75-100K	$250 to $350K	6,405	25%	1,601
$100-150K	$350 to $500K	9,110	25%	2,277
$150K and up	$500K and up	8,369	25%	2,092
Totals		**34,773**	**25%**	**8,693**

Note: Assumes Townhome/Condo development stabilizes at 25% of all ownership demand.
Source: Houston-Galveston Area Council; ESRI, Inc.; and Ricker | Cunningham

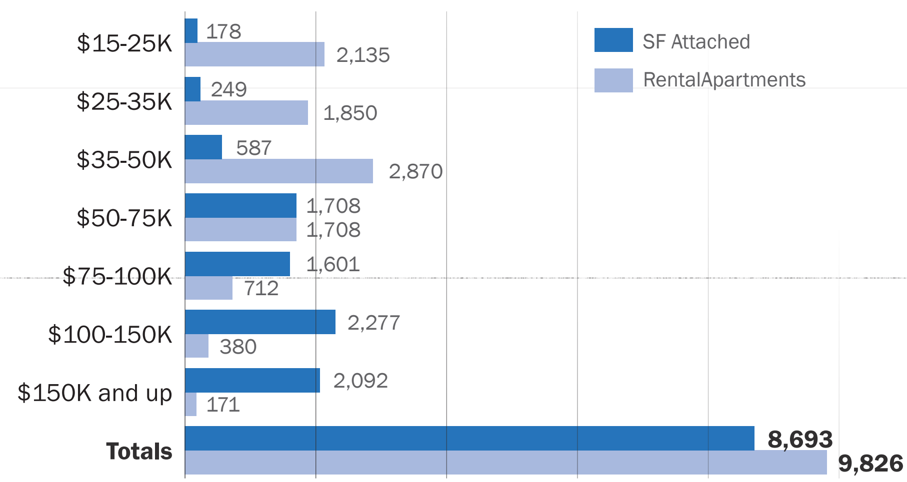
Table 10, Rental Apartments Demand Analysis

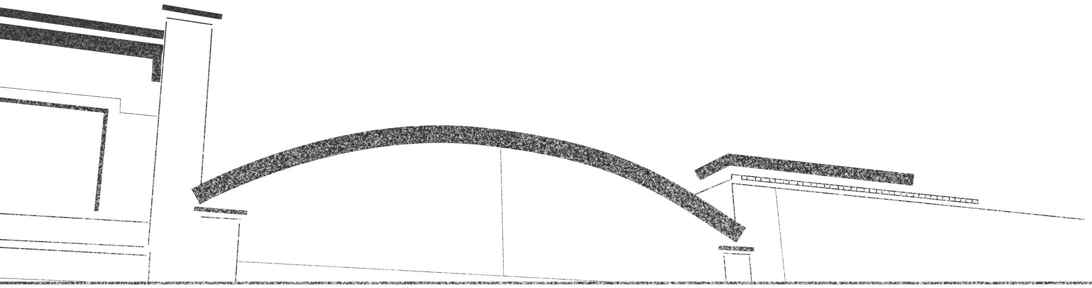
Annual Household Income Range	Approximate Rent Range	Trade Area Rental Demand (Incomes $15K+)
$15-25K	$375 - $625	2,135
$25-35K	$625 - $875	1,850
$35-50K	$875 - $1,000	2,870
$50-75K	$1,000+	1,708
$75-100K	$1,000+	712
$100-150K	$1,000+	380
$150K and up	$1,000+	171
Totals		**9,826**

Single Family Attached Ownership and Rental Apartments Demand Analys Takeaways (refer to Tables 9 and 10, and Figure 13)

- The Trade Area can support the addition of 8,700 attached ownership and 9,800 rental units over the next 10 years.
- Nearly half of the population is looking for a different residential lifestyle than is presently available in their market.
- People care less about space and more about how space is used.

Figure 13, SF Attached and Rental Apartments Demand

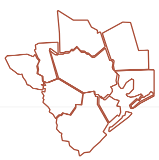




Trade Area Retail Market Conditions

Table 11, Retail Supply

		Year-End 2017
Northeast Submarket		
	Absorption (Sq Ft)	118,818
	Avg. Asking Rent per Sq Ft	$16.00
	Occupancy Rate	95.3%
	Delivered Construction (Sq Ft)	108,230
Houston Metro Area		
	Absorption (Sq Ft)	1,971,478
	Avg. Asking Rent per Sq Ft	$25.30
	Occupancy Rate	94.1%
	Delivered Construction (Sq Ft)	2,774,441



Source: CBRE Retail Marketview, 1st Qtr 2018 and Ricker | Cunningham

The most recent evolution of retail space (post-Great Recession) is largely rooted in the "conversion of function in retailing," specifically, on-floor selling to order fulfillment, or stores shifting from "showrooms" to "web rooms" to "guide rooms."

Retail's healthiest products today,and for the foreseeable future, are at either end of the "label" -- value retailing and the luxury segment, mirroring national and regional trends in income disparity. Stores targeted to middle incomes have and will continue to struggle.

Retail Supply Takeaways (refer to Table 11)

- The Northeast Submarket is the closest submarket to Dayton and Liberty County.
- Currently, this submarket is performing slightly below the Metro Area as a whole, but is showing increased absorption and new construction.

Retail Demand Takeaways (refer to Table 12 and 13)

Support for retail space is derived from two sources – the "recapture" of expenditures by residents of the Trade Area that occur outside the Trade Area referred to as "leakage"; and expenditures by new residents of the Trade Area resulting from household growth. As shown in Tables 12 and 13, there is a substantial level of "leakage" among several retail categories, potentially supporting an additional 642,000 square feet of space.

Also shown in Tables 12 and 13, expenditures by new residents of the Trade Area resulting from household growth could potentially support an additional 2.2 million square feet of space. Total demand in the Trade Area, then, is approximately 2.8 million square feet over the next 10 years.

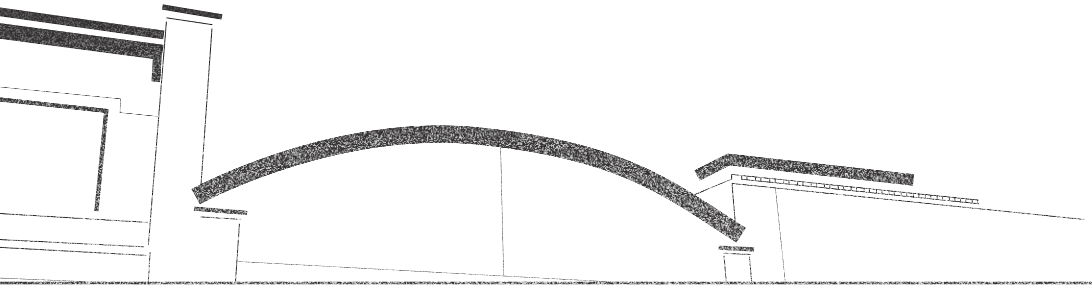
Table 12, Retail Demand from Leakage

Retail Category	Estimated 2018 Household Retail Demand	Estimated 2018 Retail Sales (Supply)	Estimated 2018 Retail Void (Leakage)	Estimated Retail Sales/s.f.	New Retail Space Needed to Recapture Void/Leakage
Furniture & Home Furnishings	$125,228,846	$114,758,475	$10,470,371	$300	34,901
Electronics & Appliance	$129,173,180	$153,977,979	$0	$325	0
Bldg Materials, Garden Equipment	$243,734,516	$206,067,448	$37,667,068	$400	94,168
Food & Beverage (Grocery)	$640,555,045	$896,737,168	$0	$475	0
Health & Personal Care	$205,119,258	$296,608,596	$0	$424	0
Clothing and Accessories	$161,505,593	$107,360,855	$54,144,738	$325	166,599
Sporting Goods,Hobby, Book, Music	$122,912,422	$67,846,105	$55,066,317	$325	169,435
General Merchandise	$621,126,770	$605,300,103	$15,826,667	$400	39,567
Miscellaneous Stores	$141,511,745	$100,337,013	$41,174,732	$300	137,249
Foodservice & Drinking Places	$395,368,934	$496,859,160	$0	$475	0
Total	**$2,786,236,310**	**$3,045,852,902**	**$214,349,895**		**641,919**

Table 13, Retail Demand from New Household Growth

Retail Category	Estimated 2018 Household Retail Demand	Estimated Retail Sales/s.f.	Annual Household Growth Rate (2018-2028)	Net New Household Retail Demand	New Retail Space Needed for Household Growth
Furniture & Home Furnishings	$125,228,846	$300	2.8%	$39,828,754	132,763
Electronics & Appliance	$129,173,180	$325	2.8%	$41,083,240	126,410
Bldg Materials, Garden Equipment	$243,734,516	$400	2.8%	$77,519,216	193,798
Food & Beverage (Grocery)	$640,555,045	$475	2.8%	$203,727,096	428,899
Health & Personal Care	$205,119,258	$424	2.8%	$65,237,720	153,863
Clothing and Accessories	$161,505,593	$325	2.8%	$51,366,492	158,051
Sporting Goods,Hobby, Book, Music	$122,912,422	$325	2.8%	$39,092,020	120,283
General Merchandise	$621,126,770	$400	2.8%	$197,547,976	493,870
Miscellaneous Stores	$141,511,745	$300	2.8%	$45,007,493	150,025
Foodservice & Drinking Places	$395,368,934	$475	2.8%	$125,746,203	264,729
Total	**$2,786,236,310**			**$886,156,211**	**2,222,690**

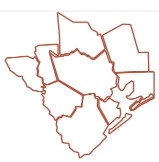
Source: Houston-Galveston Area Council; ESRI, Inc.; Urban Land Institute; and Ricker | Cunningham.



Trade Area Office Market Conditions

Table 14, Office Supply

		1st Qtr 2018
East Submarket		
	Total Office Space (Sq Ft)	2,621,420
	Net Absorption (Sq Ft)	8,131
	Avg. Asking Rent per Sq Ft	$18.89
	Vacancy Rate	13.1%
	Under Construction (Sq Ft)	0
Kingwood Submarket		
	Total Office Space (Sq Ft)	947,942
	Net Absorption (Sq Ft)	12,214
	Avg. Asking Rent per Sq Ft	$23.01
	Vacancy Rate	8.8%
	Under Construction (Sq Ft)	0
Houston Metro Area		
	Total Office Space (Sq Ft)	212,823,986
	Net Absorption (Sq Ft)	(417,824)
	Avg. Asking Rent per Sq Ft	$29.19
	Vacancy Rate	17.8%
	Under Construction (Sq Ft)	1,670,344



Source: CBRE Retail Marketview, 1st Qtr 2018 and Ricker | Cunningham

Office Supply Takeaways (refer to Table 14)

- The East and Kingwood Submarkets are the closest submarkets to Dayton and Liberty County.
- Currently, these submarkets are performing below the Metro Area as a whole, but are beginning to show increased absorption.

Support for office space is derived from two sources – growth / expansion among existing users in the Trade Area; and the relocation of new companies into the market. Based on annual employment growth of 2.2%, the Trade Area could support an additional 1.7 million square feet of new office space over the next 10 years.

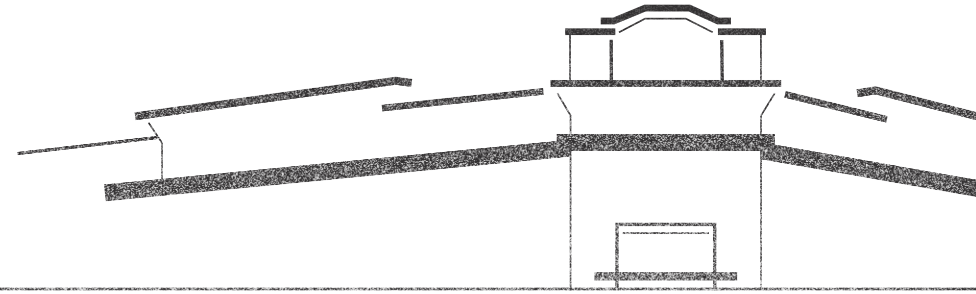
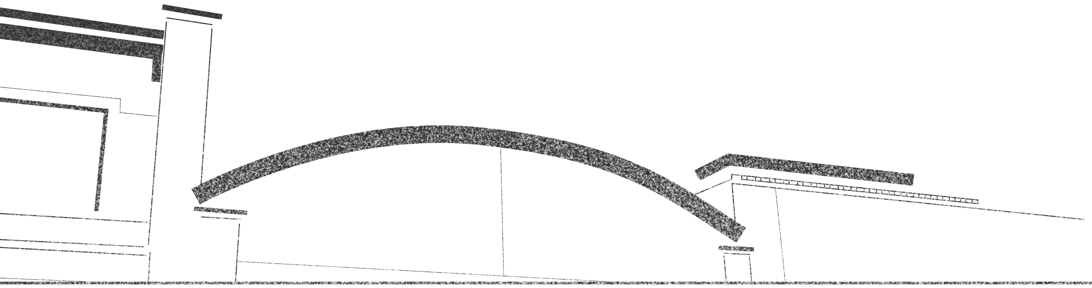


Table 15, Office Demand

Industry Category	Estimated 2018 Employees	Estimated Growth Rate 2018-2028	Estimated 2028 Employees	Estimated New Employees	Estimated % in Office Space	Estimated Net New Office Employees	Sq Ft per Office Employee	Estimated Office Demand (2018-2028)
Natural Resources, Mining and Construction	10,189	1.5%	11,825	1,636	40%	654	300	196,290
Manufacturing	6,251	0.5%	6,571	320	5%	16	300	4,795
Trade, Transportation and Utilities	29,300	2.7%	38,245	8,945	10%	894	400	357,791
Information	1,778	0.5%	1,869	91	80%	73	200	14,548
Financial and Real Estate Activities	5,256	2.1%	6,470	1,214	90%	1,093	200	218,543
Professional and Business Services	8,022	1.2%	9,038	1,016	80%	813	200	162,611
Educational and Health Services	22,199	2.0%	27,060	4,861	20%	972	300	291,687
Leisure and Hospitality	13,567	2.4%	17,198	3,631	10%	363	250	90,780
Other Services	6,548	2.7%	8,547	1,999	30%	600	250	149,924
Government	6,171	3.2%	8,456	2,285	30%	685	300	205,628
Totals	**109,281**	**2.2%**	**135,279**	**25,998**	**24%**	**6,164**	**275**	**1,692,599**

Source: Houston-Galveston Area Council; ESRI, Inc.; Urban Land Institute; and Ricker | Cunningham.



Downtown Dayton Market Share

External Considerations

- "Delivery system" – who are the area's builders / developers, what are they willing and able to offer?
- Financing markets – availability of capital with reasonable funding terms for certain product types.
- Market forces beyond those currently in the market (e.g., migration to Texas and Houston metro area by people who do not represent the existing profile of residents and consumers)

Other Considerations

- Available resources to position and promote investment in the community (both public and private).
- Public support for a long-term vision.

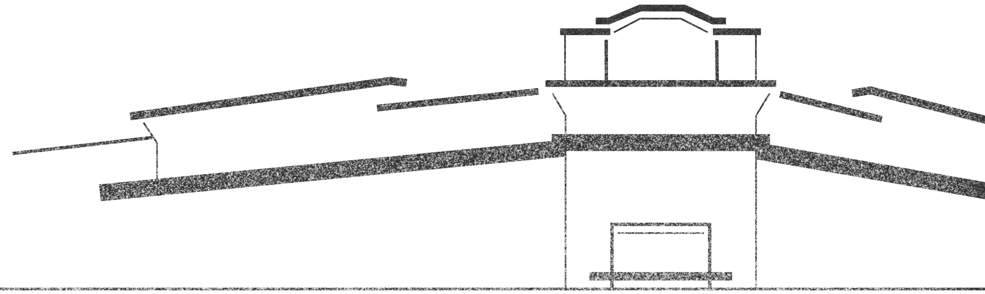
Based on projected household and employment growth in the Trade Area over the next 10 years, there appears to be ample market support for the Downtown Dayton Catalyst Project development programs (required market shares range between 1% and 5%, well below lender/investor thresholds). Market feasibility, however, does not guarantee financial feasibility, which will address potential "barriers to investment" that may affect downtown redevelopment in Dayton.

React to Market vs. Create Market

Table 16, Downtown Dayton Market Share

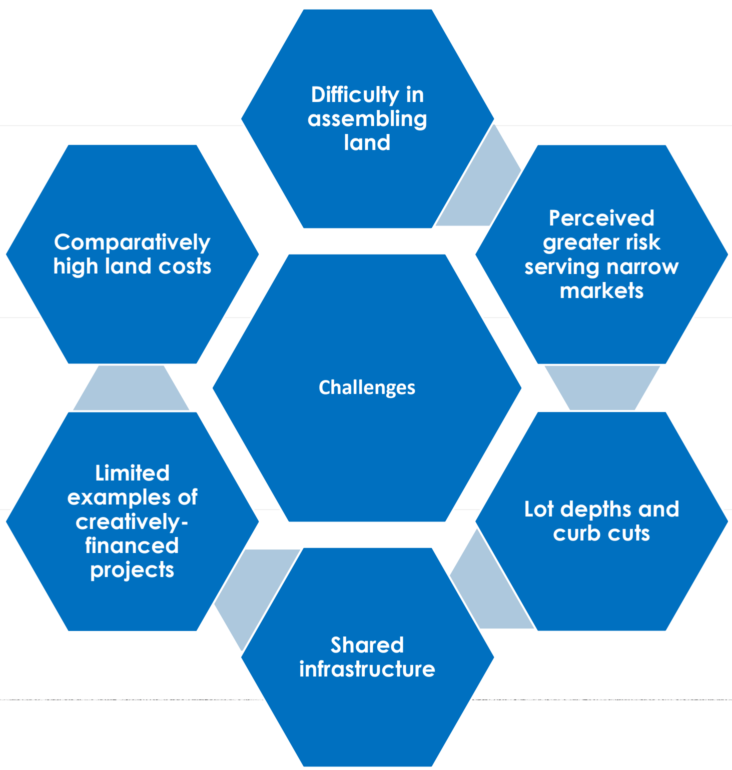
	Dayton Downtown Catalyst Projects								
Land Use Type	**1. Rice Dryer**	**2. Adams Trucking**	**3. Community Center Park**	**4. Highway 90 (8 acres)**	**5. City Hall / Depot Street**	**6. Sterling Infill Block**	**Total Catalyst Projects**	**Trade Area Demand (2018 to 2028)**	**Required Downtown Market Share**
Residential (Units):									
Single Family Attached	20	0	56	0	0	0	76	8,700	1%
Rental Apartments	0	0	24	60	50	50	184	9,800	2%
Residential Total	**20**	**0**	**80**	**60**	**50**	**50**	**260**	**18,500**	**1%**
Non-Residential (SF):									
Retail/Restaurant	15,000	25,000	0	25,000	20,000	10,000	95,000	2,800,000	3%
Office/Employment	0	25,000	0	20,000	20,000	20,000	85,000	1,700,000	5%
Non-Residential Total	**15,000**	**50,000**	**0**	**45,000**	**40,000**	**30,000**	**180,000**	**4,500,000**	**4%**

Source: Kendig Keast Collaborative and Ricker | Cunningham.

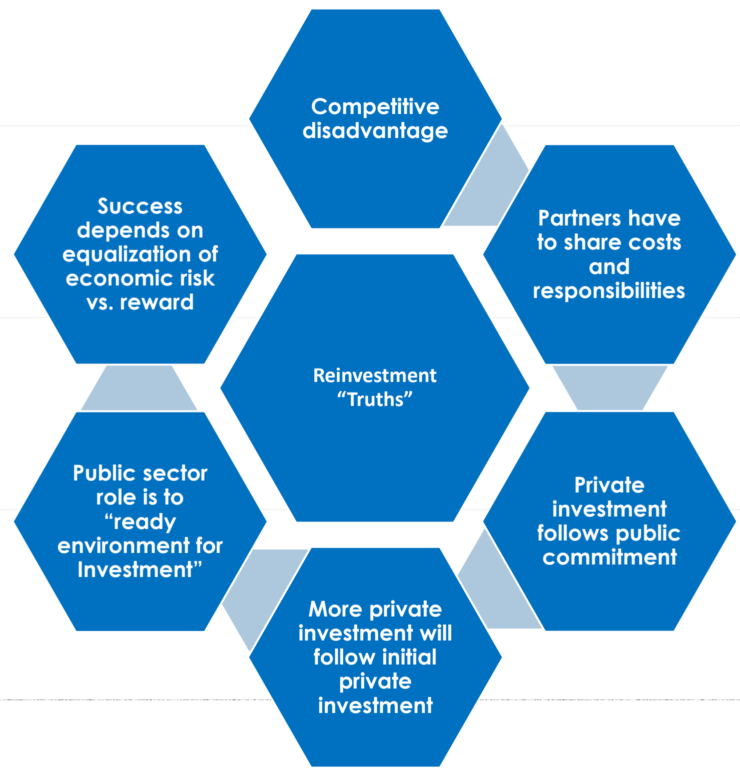


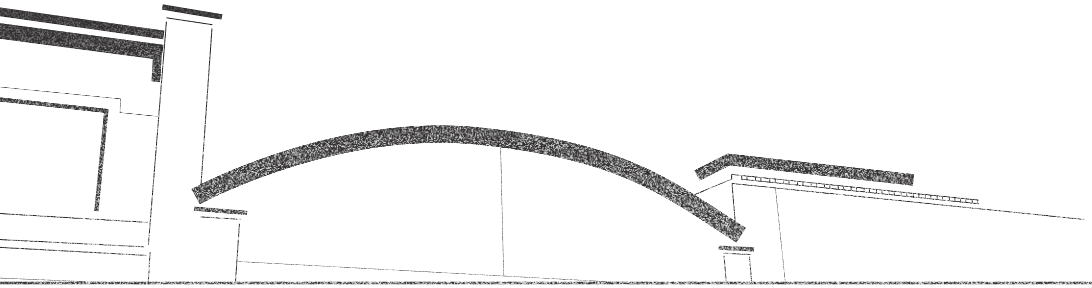
Redevelopment Challenges and “Truths”

Challenges



“Truths”





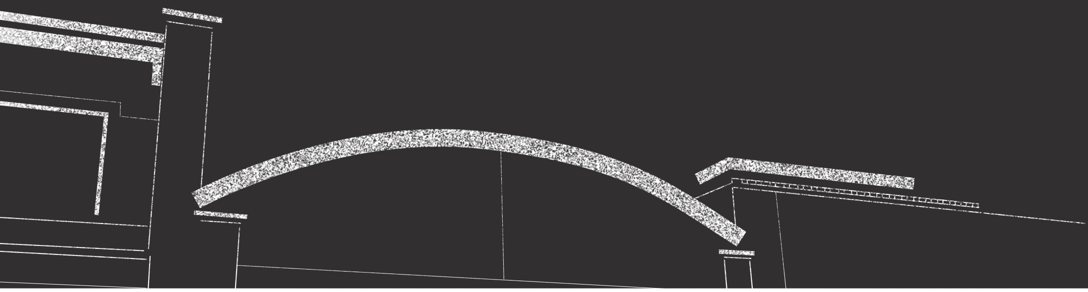
Public-Private Roles and Responsibilities

What the private sector seeks from the public sector…

- Stable city council and planning commission
- Community support and business alignment
- Favorable (or at least neutral) media
- Range of funding mechanisms and strategies

What the public sector seeks from the private sector…

- Developer who understands the public process
- Experience with using mix of private and public financing sources
- Partner with a successful track record
- Equity or equity and debt source



4 FUTURE DOWNTOWN DAYTON

Framework Plan and Strategy

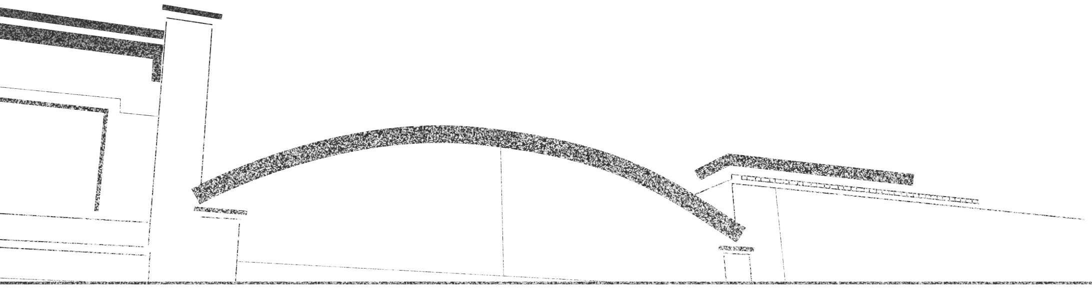
At the beginning of the planning process for downtown, advisory committee members, residents and stakeholders were asked to develop objectives for the selection of the downtown study area boundary, as well as its ultimate redevelopment outcomes. The strategy development process would then begin by applying the criteria to a series of catalyst sites with the greatest potential to generate future private investment. For the purposes of this revitalization strategy, a catalyst site is a development and/or redevelopment project with the greatest potential to create a ripple effect of public and private investment throughout the entire downtown study area. The criteria and subsequent area boundary determination, helped inform the selection of six catalyst sites depicted on the framework plan in Figure X.X, Downtown Dayton Redevelopment Framework.

When first developed, the downtown area was a mostly walkable urbanized core. As the area grew and people became more dependent on their cars for transportation, the more walkable downtown core was replaced by auto-oriented development. As discussed in an earlier section, the existing land use pattern today epitomizes an auto-urban character. The catalyst sites, along with the streetscape improvements and other future public improvements are intended to provide a quality physical character throughout the downtown core, which is more closely consistent with its original historic character and scale.

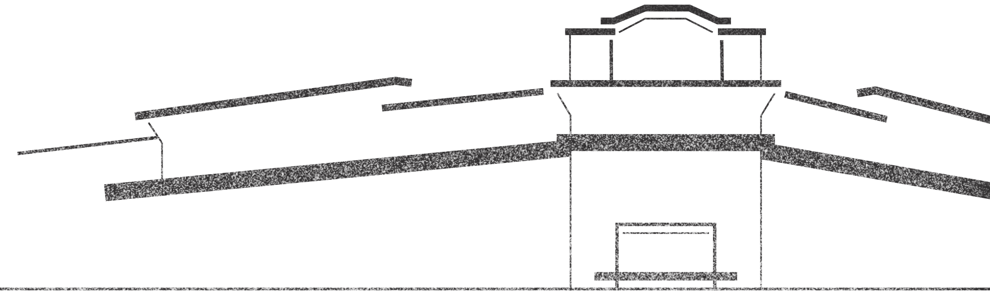
Catalyst Criteria

- Potential to support a market opportunity (physical capacity, location, access, visibility)
- Opportunity to strengthen and / or link existing districts or activity center
- Ability to leverage existing or planned investment
- Surrounded by a supportive physical environment (presence of parks, open space, etc.)
- Favorable property ownership patterns (willing owner or seller, public or private)
- Compatible with policy and regulating documents (or if not, possessing public support
- Availability of resources (or incentives) to address challenges
- Presence of supportive entities such as adjacent land owners or at least few opponents

Figure 14, Redevelopment and Streetscape Opportunities



Catalyst No. 1: Rice Dryer



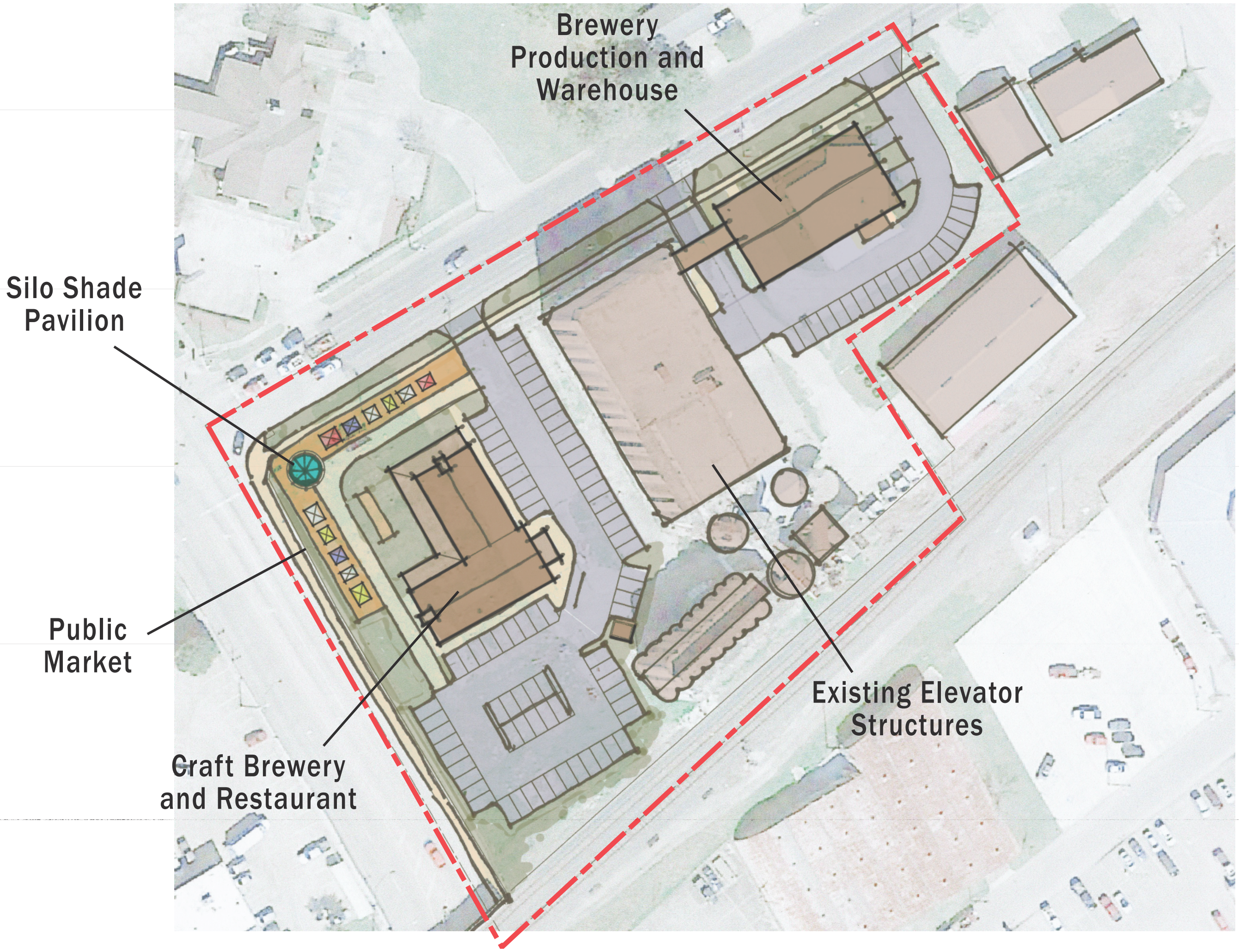
Purpose	Create a genuine downtown destination by redeveloping and enhancing the obsolete grain elevators.
Challenge	Rice Dryer is an eye sore to some in the community, but also an important historical asset to others.
Objectives and Strategy	– Avoid tearing down rice dryer. – Create a more visually attractive corner at Cleveland and Clayton. – Redevelop the site as craft brewery and restaurant, as well as public farmer's market. – Create indoor and outdoor entertainment spaces. – Consider other aesthetic treatments to improve look and feel at and around site. – Enhance existing elevators with mural treatment. – Improve onsite lighting. – Create onsite parking. – Establish brewery production and warehouse onsite.
Phasing and Timing	– Acquisition and assembly of adjoining properties. – Mural treatment and landscape improvements. – Request for Proposal (RFP) for redevelopment partner solicitation. – Disposition to private partner(s).
Financial Mechanisms	– Tax Increment Reinvestment Zone (TIRZ) – Texas Downtown Association (TDA) Grants

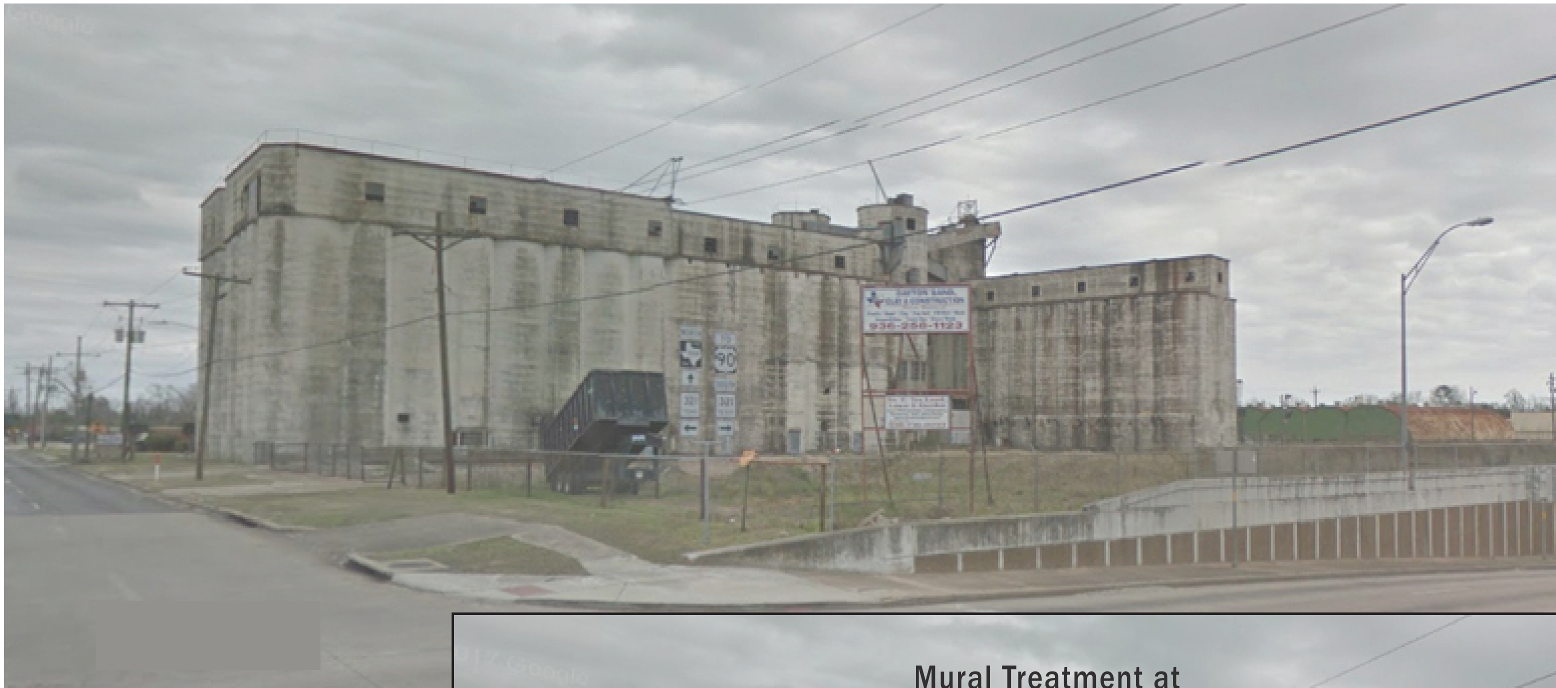
Table 17, Rice Dryer Development Pro Forma

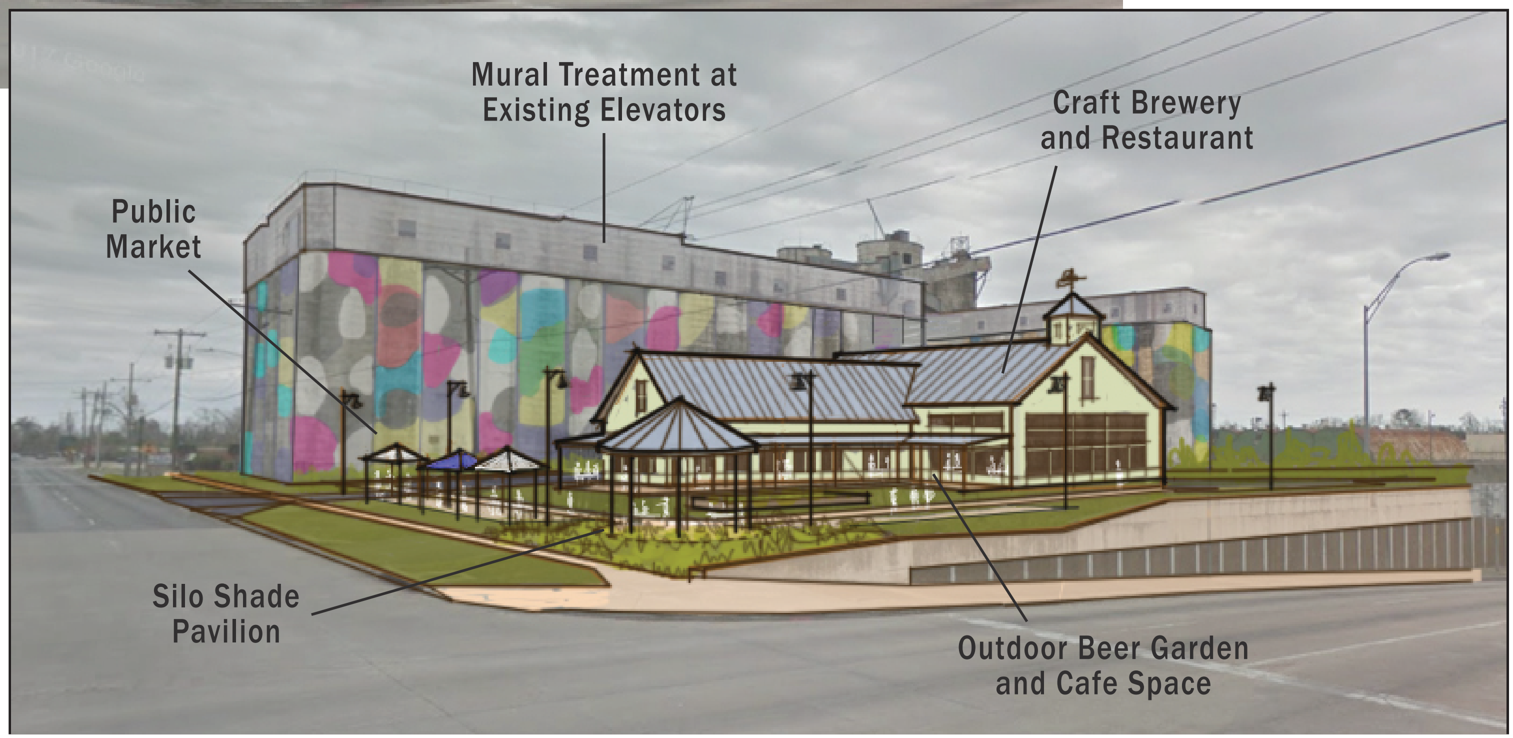
Source: KKC and Ricker | Cunningham.

	Rice Dryer
Private Sector Investment	
Development Sq Ft:	
Project Land Area (Acres)	6.0
Retail/Service	15,000
Office/Employment	0
Rental Apartments	0
Townhomes/Condominiums	**36,000**
Total Private Development	51,000
Floor Area Ratio	20%
Total Project Value (@ Build-Out)	$9,021,429
Total Project Costs (@ Build-Out)	$9,219,794
Project Margin/(Gap)	($198,365)
Project Margin/(Gap) %	-2%
Potential Contributions to Gap	
Land Acquistion/Writedown	$0
Site Improvements Contribution	$0
Supportable TIRZ (25 Years)	$0
City Sales Tax Sharing (380 Loan – 20 Yrs)	$281,250
Development Fee Waivers	$0
Federal/State/Local Grants	$0
Streamlined Development Approval Process	$0
Total Contributions to Gap	**$281,250**

Figure 15, Rice Dryer Redevelopment Concept

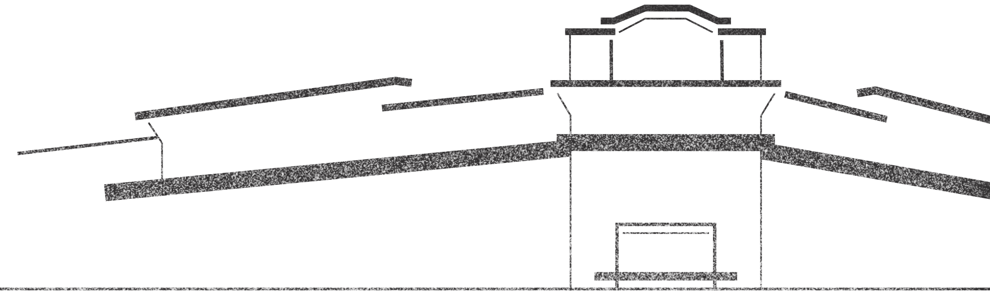






Mural Treatment at Existing Elevators
Craft Brewery and Restaurant
Public Market
Silo Shade Pavilion
Outdoor Beer Garden and Cafe Space

Catalyst No. 2: Adams Trucking



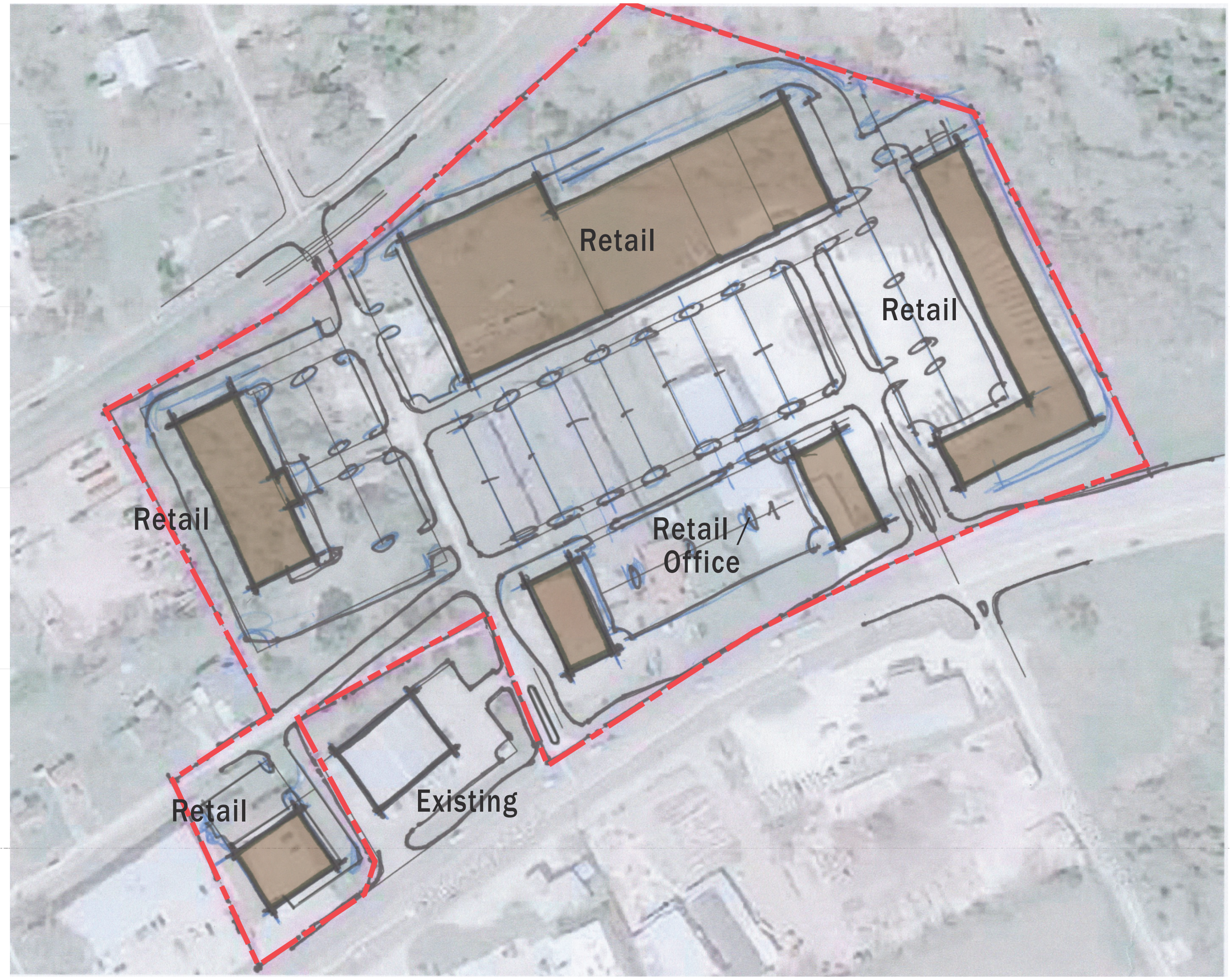
Purpose	Redevelop the existing Adams Trucking site into “highest and best use.”
Challenge	The existing conditions on the site will make redevelopment challenging, including the unpaved parking area and driveway entrance to site.
Objectives and Strategy	– Create more retail and/or office opportunities in downtown area. – Improve the appearance of an important gateway into the City. – Increase the leasable number of square feet in downtown. – Improve retail tenant mix in downtown. – Create more employment offerings in downtown. – Improve onsite and offsite aesthetics on Highway 90. – Integrate necessary gateway signage improvements into site redevelopment.
Phasing and Timing	– Acquisition of Adams Trucking site. – Initiate due diligence, design and construction of significant onsite improvements, including driveway, parking and more intensive landscaping along Highway 90 (could be timed later, depending on prospective private partner(s) and/or City’s willingness to make more turnkey improvements. – Request for Proposal (RFP) for redevelopment partner solicitation. – Solicit assistance from commercial real estate broker. – Disposition to primarily retail private partner(s).
Financial Mechanisms	– Tax Increment Reinvestment Zone (TIRZ) – Local Government Code, Chapter 380/381 Economic Development Agreements – Liberty County commitments – TxDOT commitments – Dayton Community Development Corporation

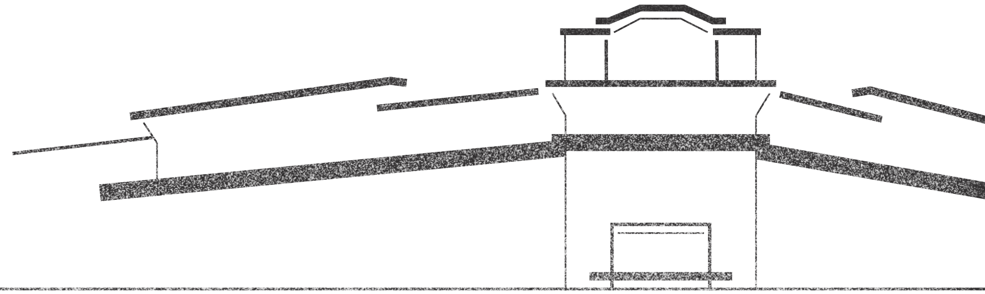
Table 18, Adams Trucking Development Pro Forma

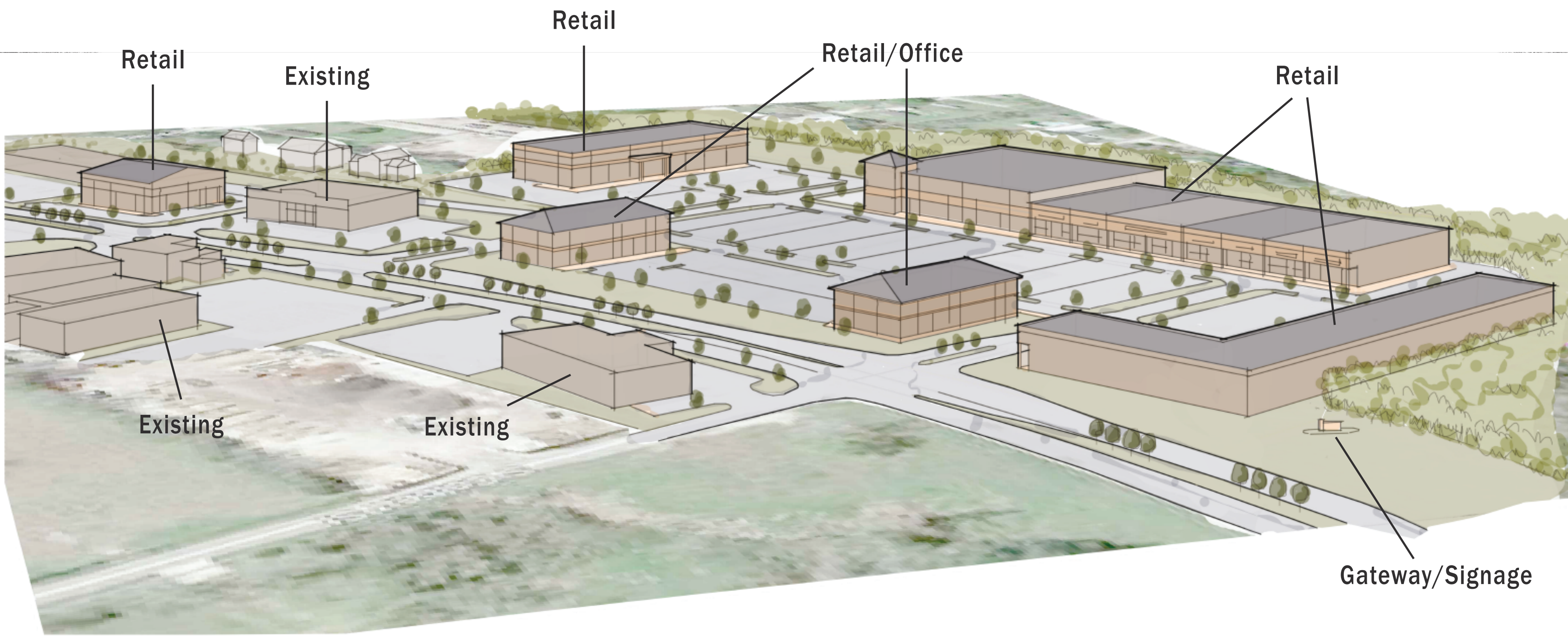
Source: KKC and Ricker | Cunningham.

	Adams Trucking
Private Sector Investment	
Development Sq Ft:	
Project Land Area (Acres)	15.0
Retail/Service	25,000
Office/Employment	25,000
Rental Apartments	0
Townhomes/Condominiums	**0**
Total Private Development	50,000
Floor Area Ratio	8%
Total Project Value (@ Build-Out)	$12,250,000
Total Project Costs (@ Build-Out)	$11,939,624
Project Margin/(Gap)	$310,376
Project Margin/(Gap) %	**3%**
Potential Contributions to Gap	
Land Acquistion/Writedown	$0
Site Improvements Contribution	$0
Supportable TIRZ (25 Years)	$0
City Sales Tax Sharing (380 Loan – 20 Yrs)	$0
Development Fee Waivers	$0
Federal/State/Local Grants	$0
Streamlined Development Approval Process	$0
Total Contributions to Gap	**$0**

Figure 16, Adams Trucking Redevelopment Concept

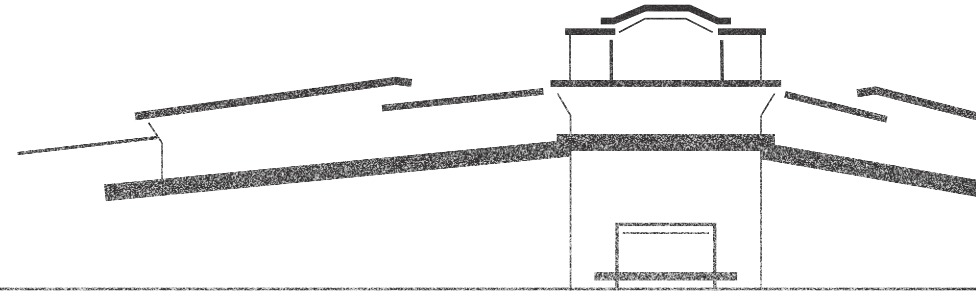






Retail
Existing
Retail
Retail/Office
Retail
Existing
Existing
Gateway/Signage

Catalyst No. 3: Community Center Optimization



Purpose

To optimize the development potential of the Community Center site.

Challenges

- Development around the existing helipad and other existing improvements.
- Presence of utility easement on northern boundary.

Objectives and Strategy

- Increase the number and variety of residential units in the downtown boundary area.
- Increase compatibility with offsite single-family detached units along Luke Street.
- Capitalize on market demand need and supply shortages in the Houston region of assisted living and senior apartment units.
- Improvements should target all age groups.
- Create additional onsite recreational amenities.
- Improve the site's overall utilization.
- Use the utility easement along Entzminger Street as the backbone and Phase I of citywide trail system.

Phasing and Timing

- Acquisition of residential property at the corner of Luke Street and S. Winfree Street.
- Assembly of properties.
- Request for Proposal (RFP) for redevelopment partner solicitation.
- Disposition of property to private partner(s).
- Initiate due diligence, design and construction of onsite public improvements.

Financial Mechanisms

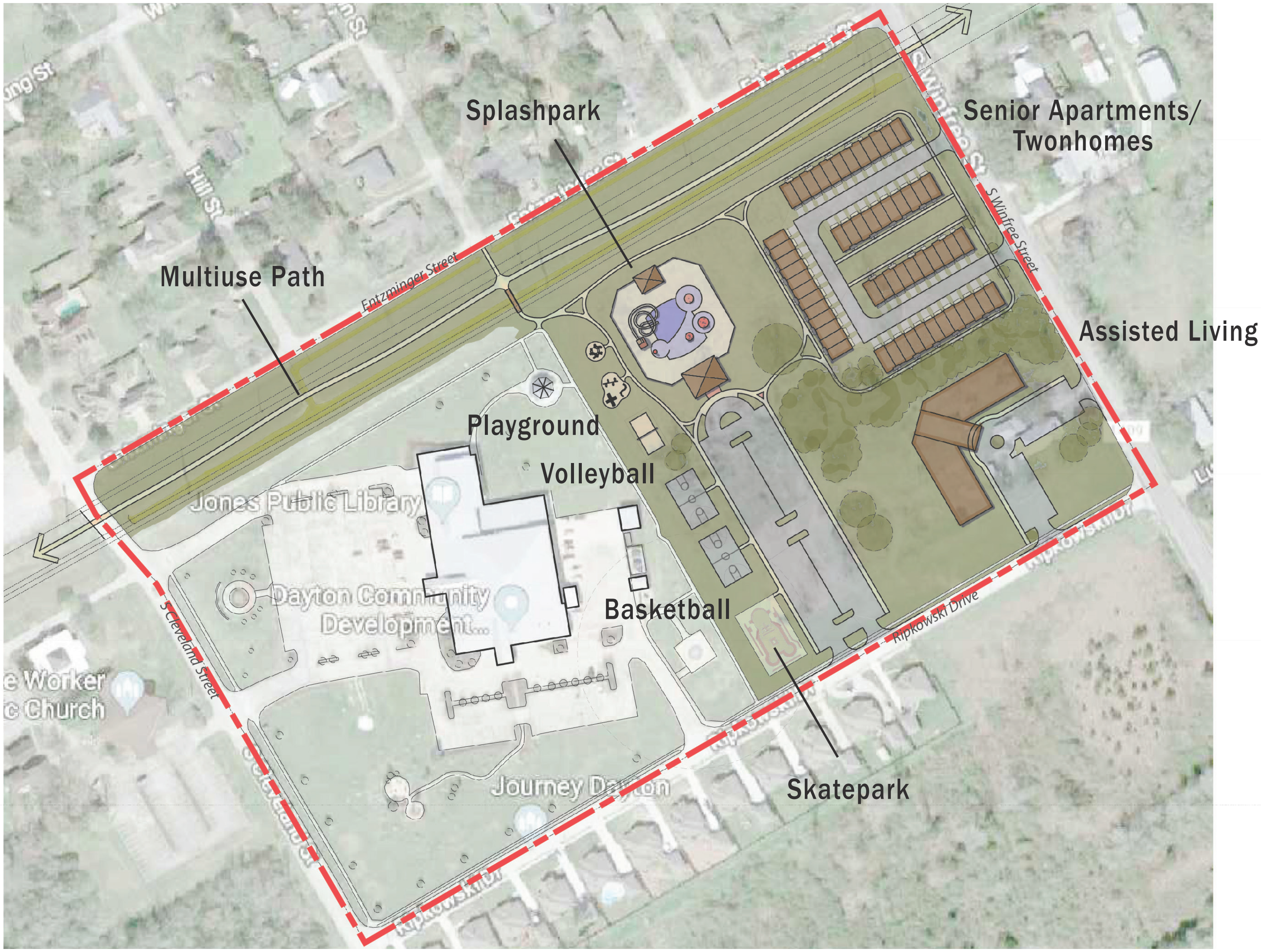
- Tax Increment Reinvestment Zone (TIRZ)
- Community Development Block Grant (CDBG)

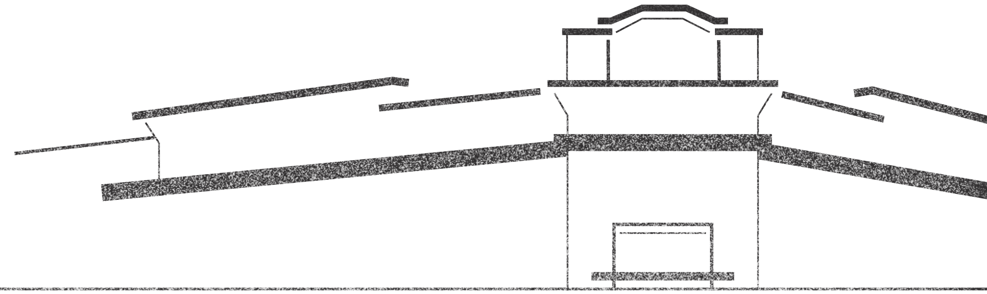
Table 19, Community Center Development Pro Forma

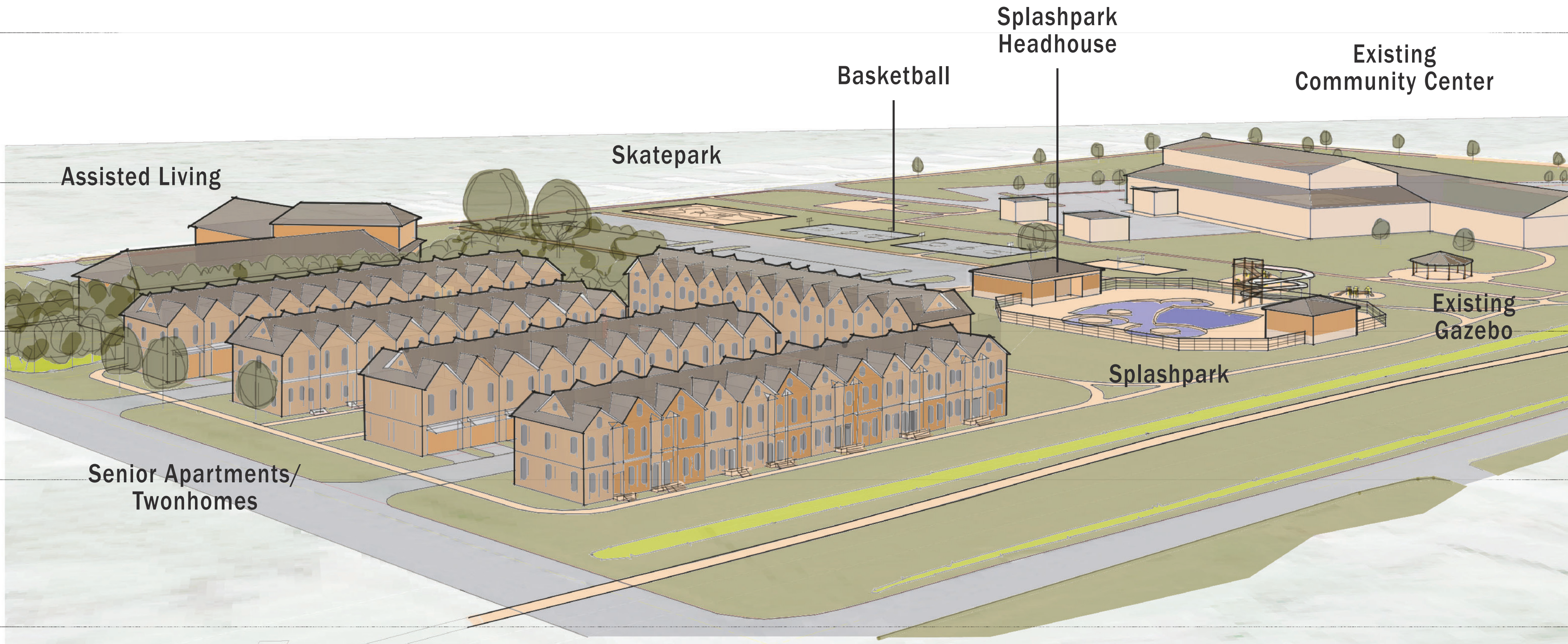
Source: KKC and Ricker | Cunningham.

	Community Center
Private Sector Investment	
Development Sq Ft:	
Project Land Area (Acres)	9.0
Retail/Service	0
Office/Employment	0
Rental Apartments	19,200
Townhomes/Condominiums	**100,800**
Total Private Development	120,000
Floor Area Ratio	31%
Total Project Value (@ Build-Out)	$15,057,943
Total Project Costs (@ Build-Out)	$18,568,418
Project Margin/(Gap)	($3,510,475)
Project Margin/(Gap) %	-19%
Potential Contributions to Gap	
Land Acquistion/Writedown	$0
Site Improvements Contribution	$0
Supportable TIRZ (25 Years)	$3,666,978
City Sales Tax Sharing (380 Loan – 20 Yrs)	$0
Development Fee Waivers	$0
Federal/State/Local Grants	$0
Streamlined Development Approval Process	$0
Total Contributions to Gap	**$3,666,978**

Figure 17, Community Center Redevelopment Concept

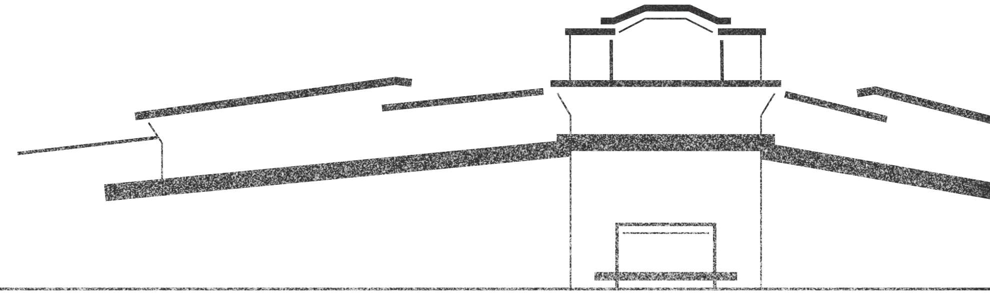






Splashpark
Headhouse
Basketball
Existing
Community Center
Skatepark
Assisted Living
Existing
Gazebo
Splashpark
Senior Apartments/
Twonhomes

Catalyst No. 4: Eight Acres on U.S. Highway 90



Purpose	Create a high-quality, mixed-use environment and improved pedestrian linkages at one of the busiest traffic intersections in Dayton.	
Challenges	– Acquisition and assembly of existing properties. – Auto-oriented character with extensive surface parking. – High traffic volumes and number of driveways. – Working with TxDOT to manage traffic on SH 321 (N. Cleveland St.) and U.S. Highway 90. – Large quantity of pylon signs and overhead utilities contribute to aesthetic clutter all along U.S. Highway 90.	– Highly-visible overhead utilities. – Lack of compatibility and landscape buffers between less intensive and more intensive development types. – Proximity to railroad tracks and railroad underpass on N. Cleveland St.
Objectives and Strategy	– Increase available retail square feet in downtown. – Establish a more fiscally sustainable development pattern, particularly along U.S. Highway 90. – Create a more mixed-use environment throughout the downtown area. – Improve aesthetic appearance along U.S. Highway 90 and Cleveland St. – Improve utilization of 8 acres site. – Serve as an important connection to help activate Sterling Avenue.	– Improve onsite and offsite walkability and connectivity to adjoining properties. – Increase the level of buffering between land uses adjacent to railroad right-of-way and TxDOT rights-of-way. – Increase the number of shared driveways along U.S. Highway 90. – Possible consolidation of pylon signs at a more appropriate scale for downtown area. – Improve crosswalk safety at U.S. Highway 90 and SH 321 (N. Cleveland St.).
Phasing and Timing	– Coordination with Union Pacific Railroad on buffering opportunities along their right-of-way. – Coordination with TxDOT on reconstruction, landscaping, and overall design possibilities for Highway 90 corridor. – Acquisition and assembly of various properties. – Request for Proposal (RFP) for redevelopment partner solicitation.	– Initiate due diligence, design and construction phases for public improvements and facilities. – Solicit assistance from commercial real estate broker. – Disposition to developer with experience and niche in creating more mixed-use developments. – Additional onsite and offsite improvements, as necessary.
Financial Mechanisms	– Tax Increment Reinvestment Zone (TIRZ) – Local Government Code, Chapter 380/381 Economic Development Agreements – Liberty County commitments – TxDOT commitments – Dayton Community Development Corporation commitments	

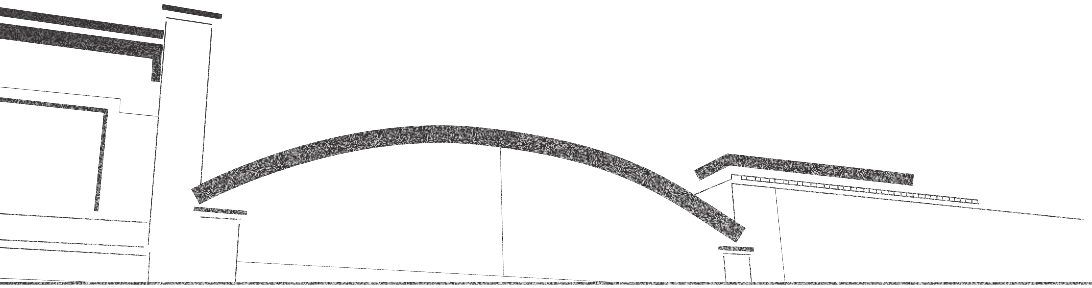
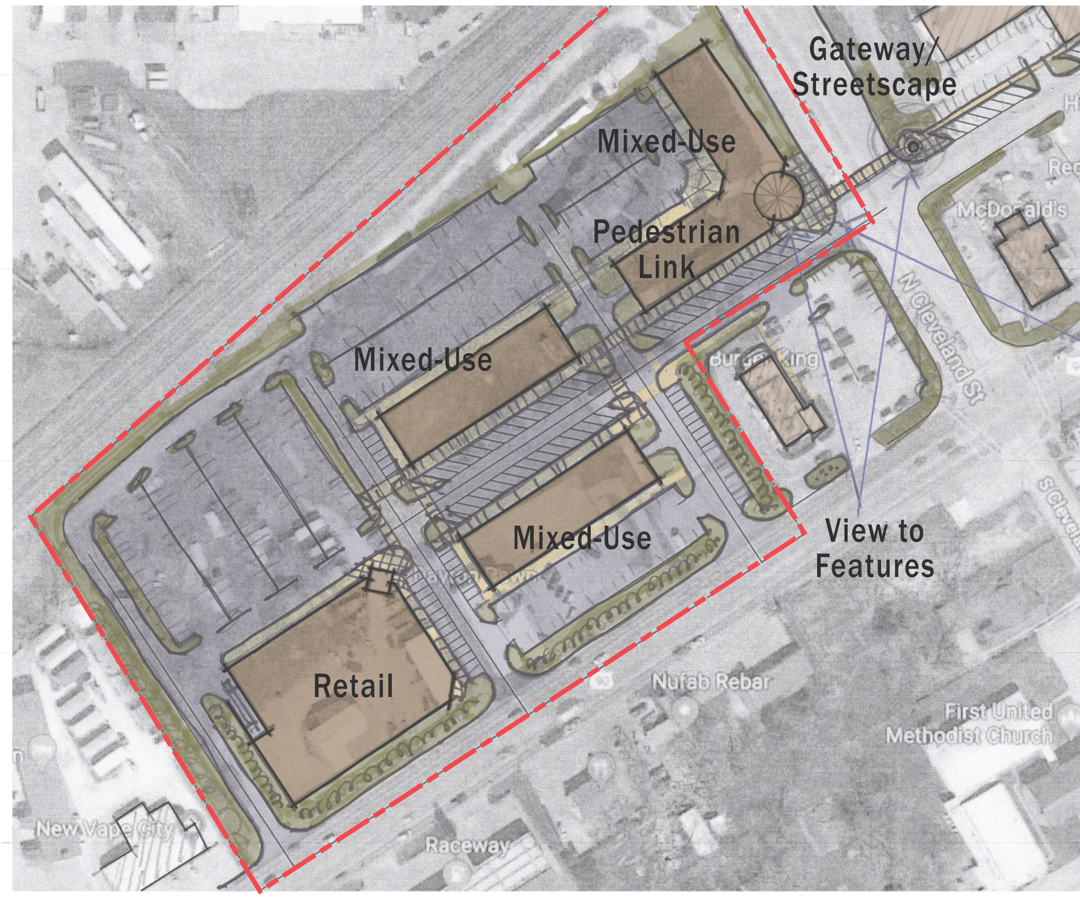


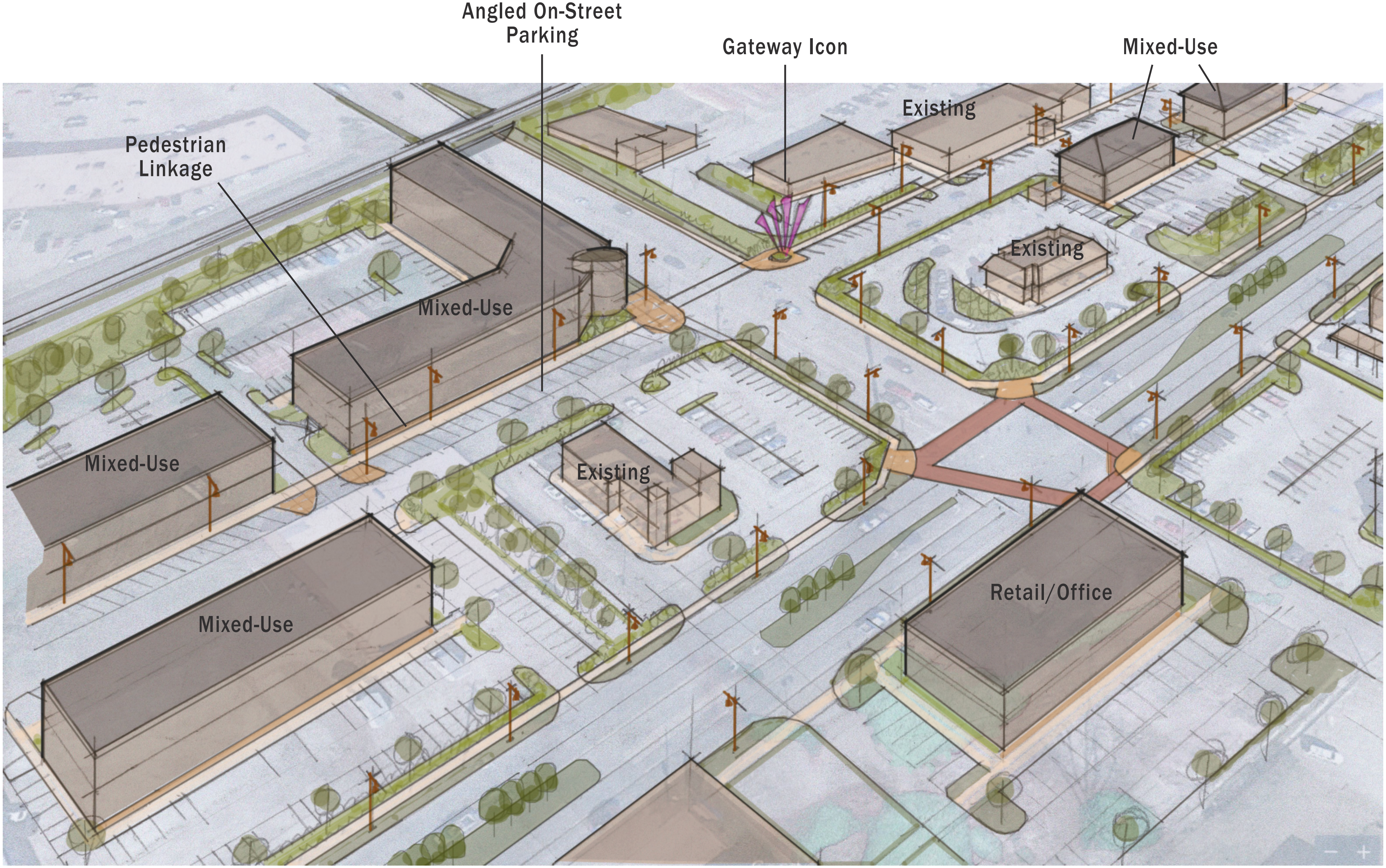
Table 19, Eight Acres on 90 Development Pro Forma

Source: KKC and Ricker | Cunningham.

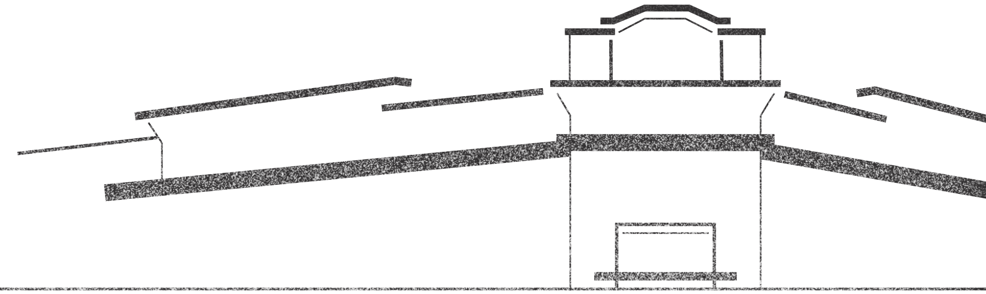
	Eight Acres on 90
Private Sector Investment	
Development Sq Ft:	
Project Land Area (Acres)	8.0
Retail/Service	25,000
Office/Employment	20,000
Rental Apartments	48,000
Townhomes/Condominiums	**0**
Total Private Development	93,000
Floor Area Ratio	27%
Total Project Value (@ Build-Out)	$16,352,000
Total Project Costs (@ Build-Out)	$18,587,545
Project Margin/(Gap)	($2,235,545)
Project Margin/(Gap) %	-12%
Potential Contributions to Gap	
Land Acquisition/Writedown	$0
Site Improvements Contribution	$0
Supportable TIRZ (25 Years)	$3,102,521
City Sales Tax Sharing (380 Loan -- 20 Yrs)	$0
Development Fee Waivers	$0
Federal/State/Local Grants	$0
Streamlined Development Approval Process	$0
Total Contributions to Gap	**$3,102,521**

Figure 18, Eight Acres on 90 Redevelopment Concept




Angled On-Street Parking
Gateway Icon
Mixed-Use
Pedestrian Linkage
Existing
Mixed-Use
Existing
Mixed-Use
Existing
Mixed-Use
Retail/Office

Catalyst No. 5: City Hall



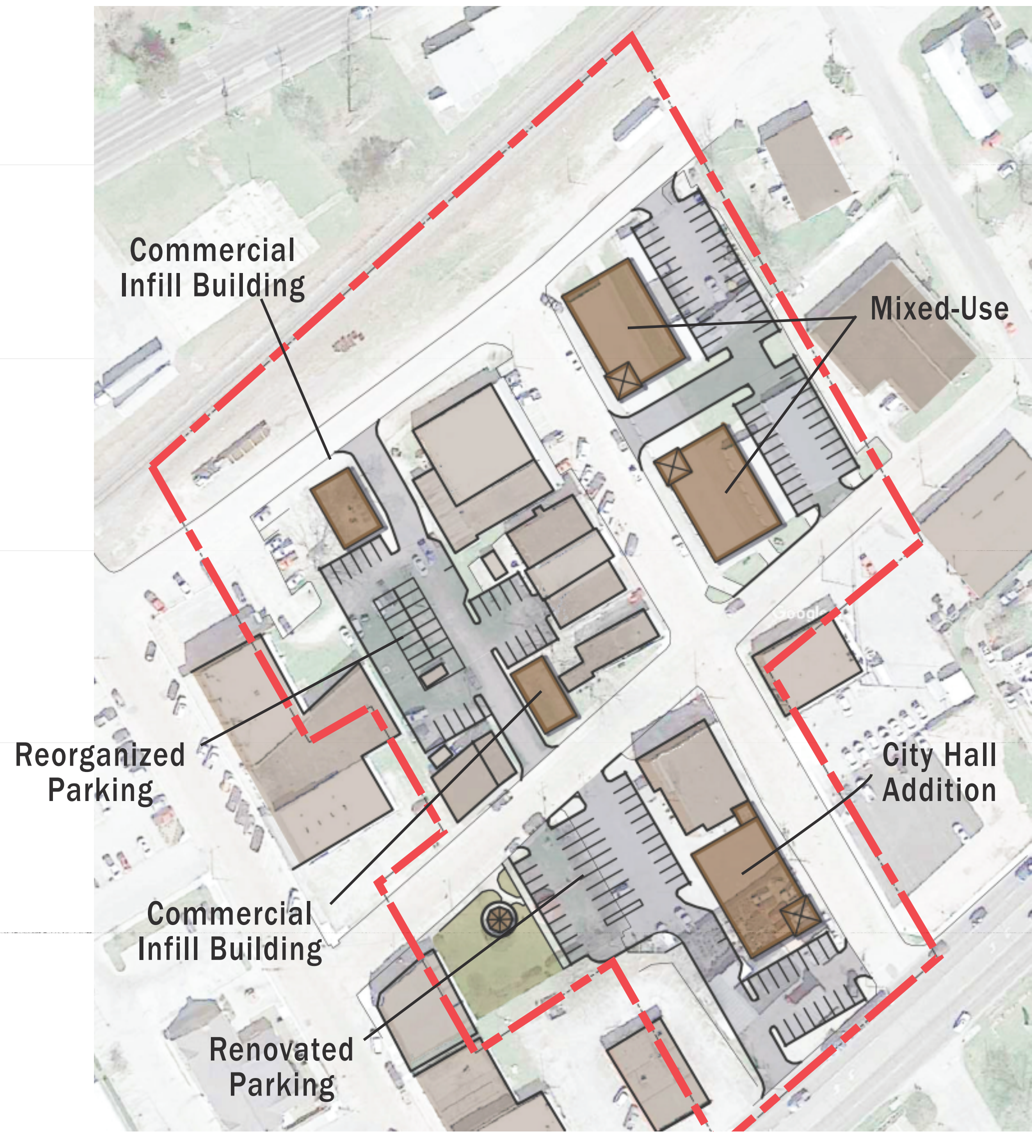
Purpose	Redevelop several properties, including City Hall into a more integrated mixed-use environment and create a unique regional destination.
Challenges	– The existing conditions on the site will make redevelopment challenging, including assembly of several properties. – The City must decide what it ultimately wants to do with the existing City Hall facility.
Objectives and Strategy	– Redevelop several properties as an opportunity to bring a high-quality performing arts venue to the Dayton region. – Create a genuine horizontal, mixed-use environment in downtown while increasing the number of vertical opportunities, too. – Improve new building standards, including transparency and roof pitch. – Improve the appearance of Highway 90 as an important gateway into Dayton. – Enhance the existing plaza near City Hall via more premium improvement upgrades. – Enhance and create a permanent space for more successful downtown events, including Food Truck Friday and others. – Improve the appearance of one of downtowns key intersections, i.e., Highway 90 and Church Street. – Amphitheater space for outdoor events.
Phasing and Timing	– Acquisition of existing Aaron's Tire Repair and Services, as well as assembly of other adjacent properties. – Decision on what to do with City Hall, i.e., repurpose/renovate existing facility, build new City Hall elsewhere in downtown vicinity or build new City Hall onsite. – Consider reconstruction of Church Street, including underground infrastructure enhancements. The timing of all road projects in and around the downtown area should be done in coordination with TxDOT and any proposed improvements to their rights-of-way. – Initiate several onsite and offsite improvements, including parking, lighting, sidewalks, landscaping, etc. – Request for Proposal (RFP) for redevelopment partner solicitation. – Initiate design and construction phases for public improvements and facilities. – Disposition to smaller developer for private development opportunities.
Financial Mechanisms	– Tax Increment Reinvestment Zone (TIRZ) – Texas Downtown Association Grants – TxDOT commitments – Liberty County commitments

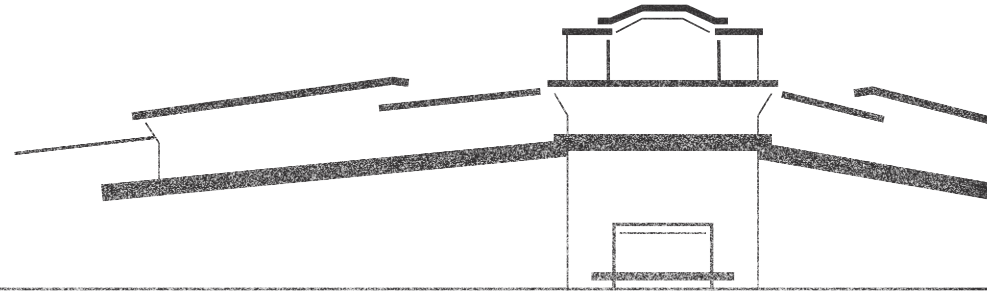
Table 20, City Hall Development Pro Forma

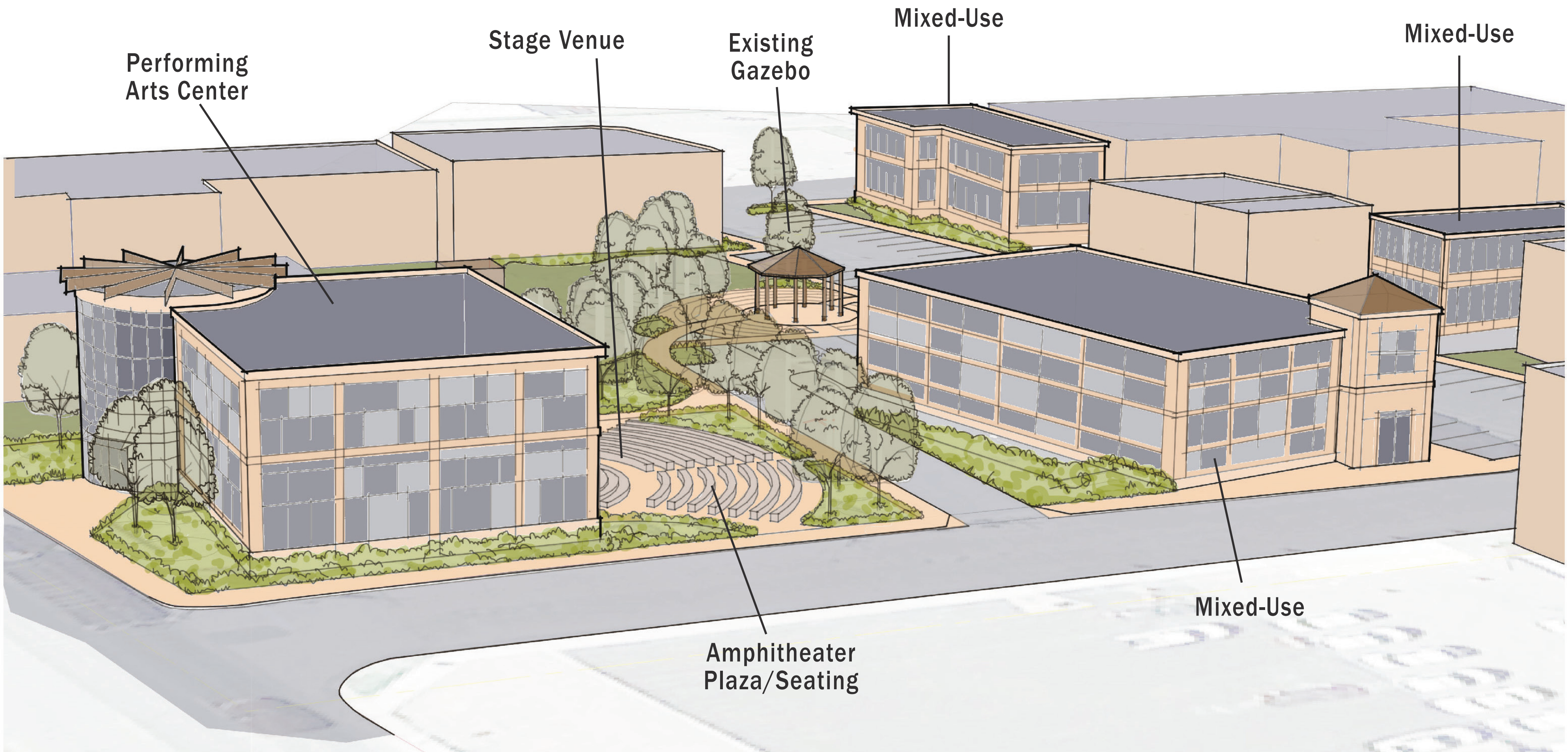
Source: KKC and Ricker | Cunningham.

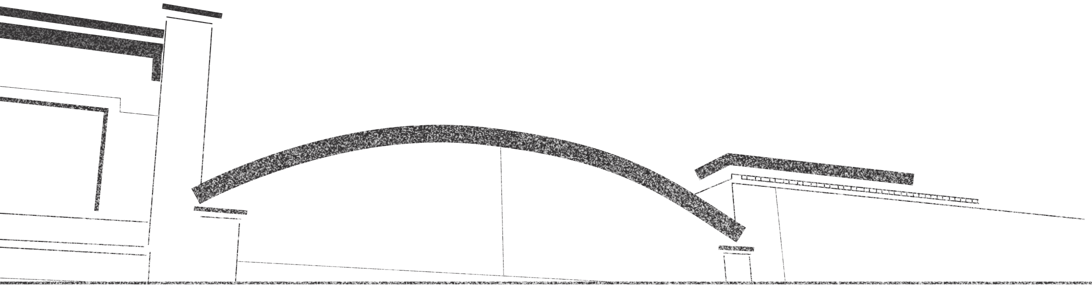
	City Hall
Private Sector Investment	
Development Sq Ft:	
Project Land Area (Acres)	4.2
Retail/Service	20,000
Office/Employment	20,000
Rental Apartments	40,000
Townhomes/Condominiums	**0**
Total Private Development	80,000
Floor Area Ratio	44%
Total Project Value (@ Build-Out)	$14,045,714
Total Project Costs (@ Build-Out)	$20,401,485
Project Margin/(Gap)	($6,355,771)
Project Margin/(Gap) %	-31%
Potential Contributions to Gap	
Land Acquistion/Writedown	$3,984,095
Site Improvements Contribution	$527,553
Supportable TIRZ (25 Years)	$1,532,630
City Sales Tax Sharing (380 Loan -- 20 Yrs)	$750,000
Development Fee Waivers	$0
Federal/State/Local Grants	$0
Streamlined Development Approval Process	$0
Total Contributions to Gap	**$6,794,278**

Figure 19, City Hall Redevelopment Concept

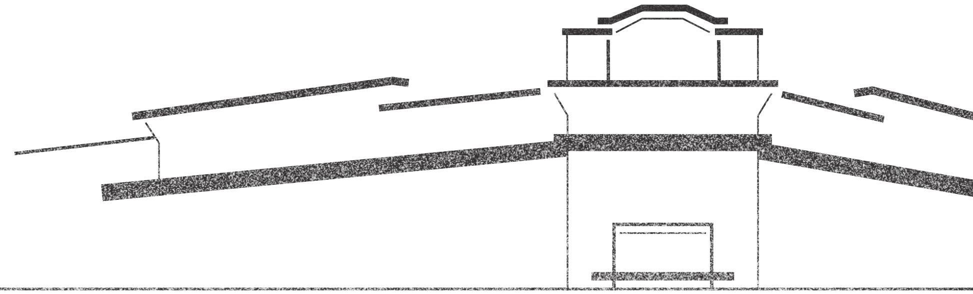





Performing Arts Center
Stage Venue
Existing Gazebo
Mixed-Use
Mixed-Use
Mixed-Use
Amphitheater Plaza/Seating



Catalyst No. 6: Sterling Infill Block



Purpose	Serve as the new backbone for creating a more pedestrian-friendly experience in downtown and improve connectivity to nearby catalytic sites.	
Challenges	– Acquisition and assembly of existing properties. – Auto-oriented character with extensive surface parking. – High traffic volumes and number of driveways. – Better connectivity to Main Street. – Large quantity of overhead utilities. – Single uses.	– No clear delineation between pedestrian realm and parking areas/street. – Proximity to railroad tracks and railroad underpass on N. Cleveland St. – Contiguous surface parking lots. – Large quantity of underutilized land.
Objectives and Strategy	– Increase available retail square feet in downtown. – Establish a more fiscally sustainable development pattern. – Create a more mixed-use environment throughout the downtown area. – Improve aesthetic appearance on Sterling. – Improve utilization of surplus surface parking.	– Serve as a complement to Main Street. – Improve onsite and offsite walkability and connectivity to adjoining properties. – Increase the number of shared driveways. – Improve infill opportunities in downtown. – Improve lighting and other streetscape enhancements.
Phasing and Timing	– Coordination with Union Pacific Railroad on buffering opportunities along their right-of-way. – Initiate finance discussions regarding design for the reconstruction of Sterling Avenue, including utility enhancements. – Acquisition and assembly of various properties. – Request for Proposal (RFP) for redevelopment partner solicitation.	– Initiate due diligence, design and construction phases for public improvements and facilities. – Solicit assistance from commercial real estate broker. – Disposition to developer with experience and niche in creating more mixed-use developments. – Additional onsite and offsite improvements, as necessary.

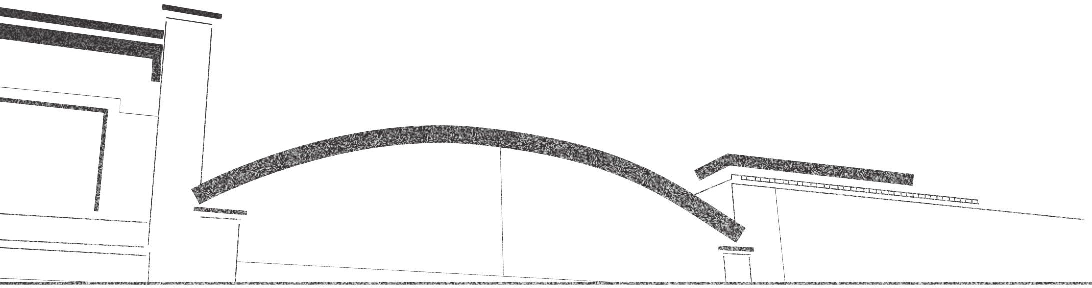
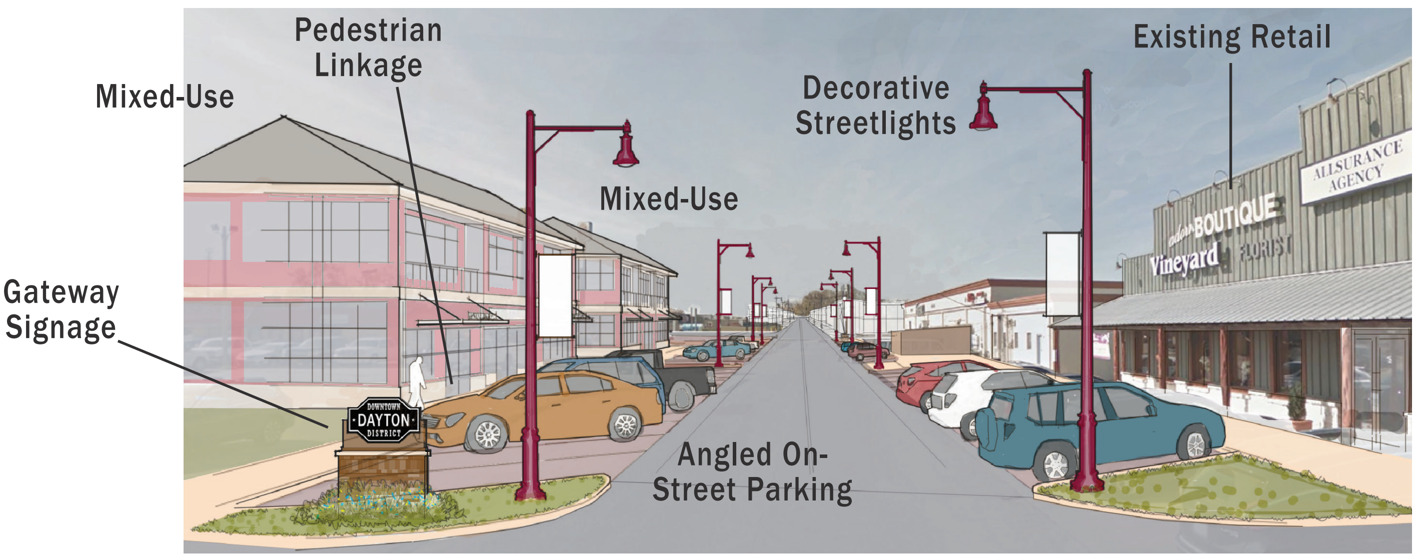


Table 21, Sterling Infill Development Pro Forma

Source: KKC and Ricker | Cunningham.

	Sterling Infill
Private Sector Investment	
Development Sq Ft:	
Project Land Area (Acres)	4.0
Retail/Service	10,000
Office/Employment	20,000
Rental Apartments	40,000
Townhomes/Condominiums	**0**
Total Private Development	70,000
Floor Area Ratio	40%
Total Project Value (@ Build-Out)	$11,131,429
Total Project Costs (@ Build-Out)	$16,611,500
Project Margin/(Gap)	($5,480,071)
Project Margin/(Gap) %	-33%
Potential Contributions to Gap	
Land Acquistion/Writedown	$2,933,307
Site Improvements Contribution	$464,485
Supportable TIRZ (25 Years)	$1,327,681
City Sales Tax Sharing (380 Loan -- 20 Yrs)	$375,000
Development Fee Waivers	$0
Federal/State/Local Grants	$0
Streamlined Development Approval Process	$0
Total Contributions to Gap	**$5,100,473**

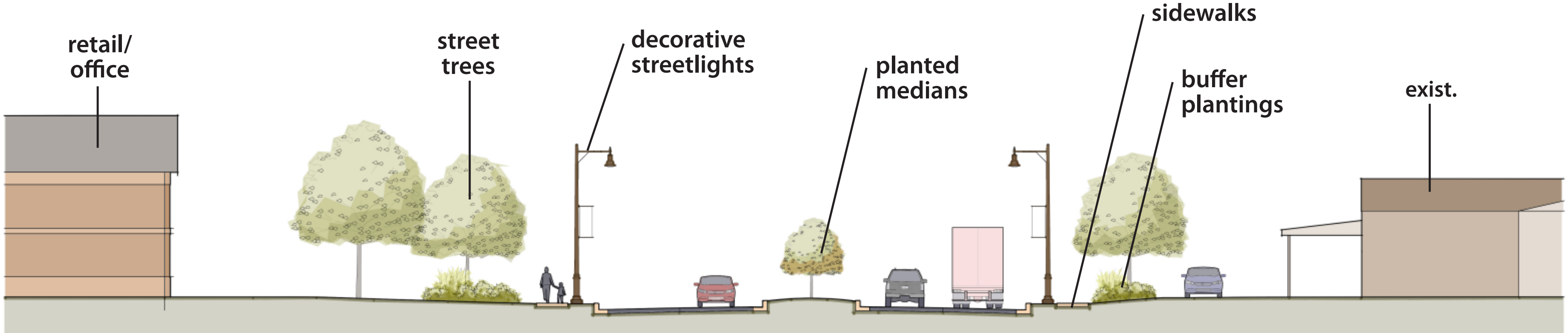
Figure 20, Sterling Infill Redevelopment Concept



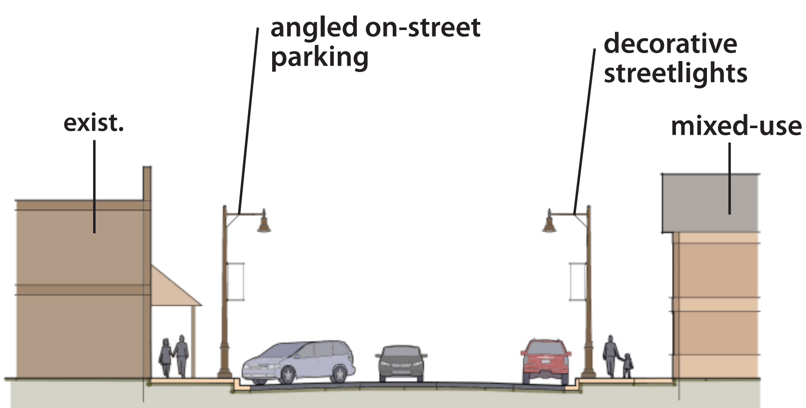
Other Catalytic and Character-Defining Improvements

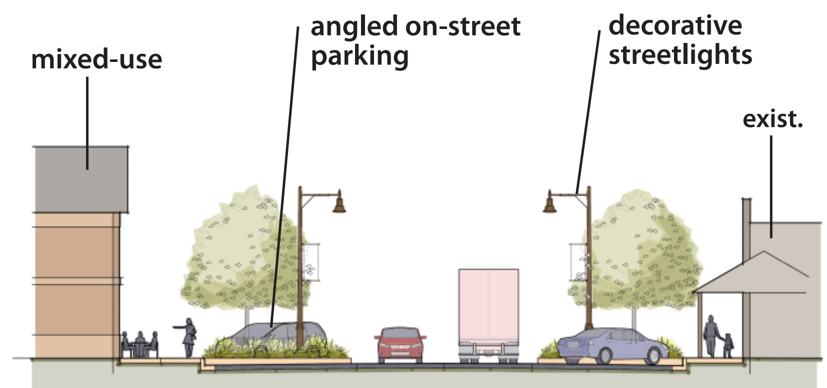
In an effort to prioritize public and private investments that lead to immediate implementation following the adoption of this plan, it's also important to consider other design elements. Figure 21, *Streetscape Sections*, depicts a common set of improvements within the public rights-of-way in and around the downtown area. The purpose is to capitalize on the other anticipated investments in downtown. As more value is added to the Downtown, these improvements will help further frame design and quality physical outcomes.

Figure 21, Streetscape Sections



Highway 90 Section





Church Street Section

Sterling Section

Gateways and Wayfinding

Figure 22, *Downtown Signage*, depicts a series of gateway-defining signs that can be implemented in different ways to create the desired character at key locations throughout Downtown. Attractive landscaping, lighting, and other vertical design features should complement the signage and architectural elements. Other than for branding and marketing purposes, the new signs will help create a genuine destination where people will want to live, work, and play. It will make Downtown unique from other areas of the City. Future wayfinding features should be erected at key locations to direct people to destinations in and around the Downtown vicinity.

Figure 22, Downtown Signage

5 IMPLEMENTATION

Turning a plan into reality requires much more than adoption. The community must commit to long-term implementation, lasting up to 10-15 years. The plan will require a firm financial commitment from City leaders to fund the necessary infrastructure; make strategic acquisitions (and sales) of real estate; and expand/prioritize staff capacity to take on major redevelopment undertakings.

A project of this scale will come together in phases over the course of many years. Redevelopment, however, is not a linear process that unfolds in a predictable sequence. Instead, it is inherently opportunistic, time-sensitive, and fraught with unforeseen obstacles. Staff must be prepared to veer from the playbook if special opportunities arise that can accelerate desired outcomes or forestall future problems.

As stated earlier, plan implementation will be aided by programs and activities affecting the entire community and Downtown, with the intent of improving the overall business climate. Positioning Downtown as the hub of public life and local entrepreneurship will help add vitality, instill investor confidence, and help create a strong market for new housing opportunities in Downtown and a better mix of buildings and uses as desired by residents and stakeholders throughout the course of the planning process.

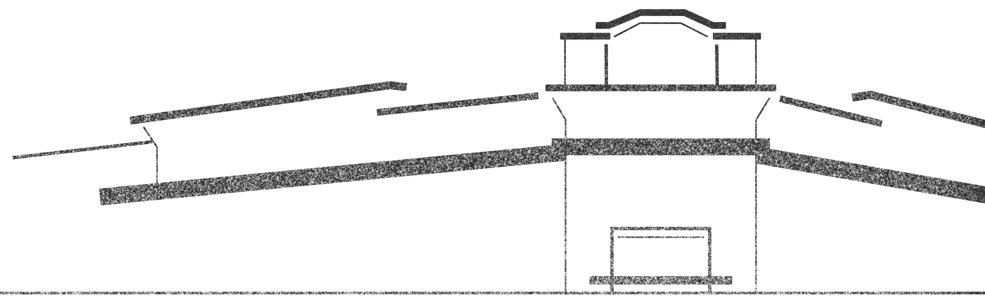
Public Commitments

As noted in the previous design framework section, the City of Dayton will need to make a serious commitment to infrastructure investment in order to attract the desired types of projects and investors to Downtown, particularly the six catalyst sites. It is difficult to get developers and investors to believe in the vision until they see someone -such as the City or a major property owner – assume the risk. Like any investment, it is intended to generate returns that well exceed the original cost. In making these commitments, however, the City will need to be strategic, measured, and pragmatic to avoid overextending itself financially. Rather than building everything all at once, adding new public infrastructure and amenities should be timed to coincide, as much as possible, with tax revenue increases.

The big-ticket items and six redevelopment catalysts are focused on the sites selected objectively during the course of the planning process. Although Dayton will leverage various regional, state, and federal grants to offset costs, the City will still need to front-load public investments that won't be fully recouped for several years. Nevertheless, this major investment is absolutely critical to making the plan a reality. Elsewhere, the more typical street and infrastructure improvements can be coordinated with private development, TxDOT and the Houston-Galveston Area Council (H-GAC) to minimize municipal debt and potential construction liabilities.

Preliminary (Conceptual) Cost Estimates

At the master plan level of detail, design and engineering, interventions are proposed on a conceptual basis. The preliminary cost estimates are included in each catalyst site's development program (pro forma), Figure X, *Redevelopmetn Ramp Up*, shows an adjusted cost estimate comparison for premium implementation upgrades. However, the cost estimates are to be used for planning purposes only given the significant number of unknown variables: fluctuating cost of land, labor, and building materials; availability of public funds; and additional site preparation or remediation that arises from environmental and engineering assessments. These factors will directly influence the design specifications, such as quality, quantity, and scale. More



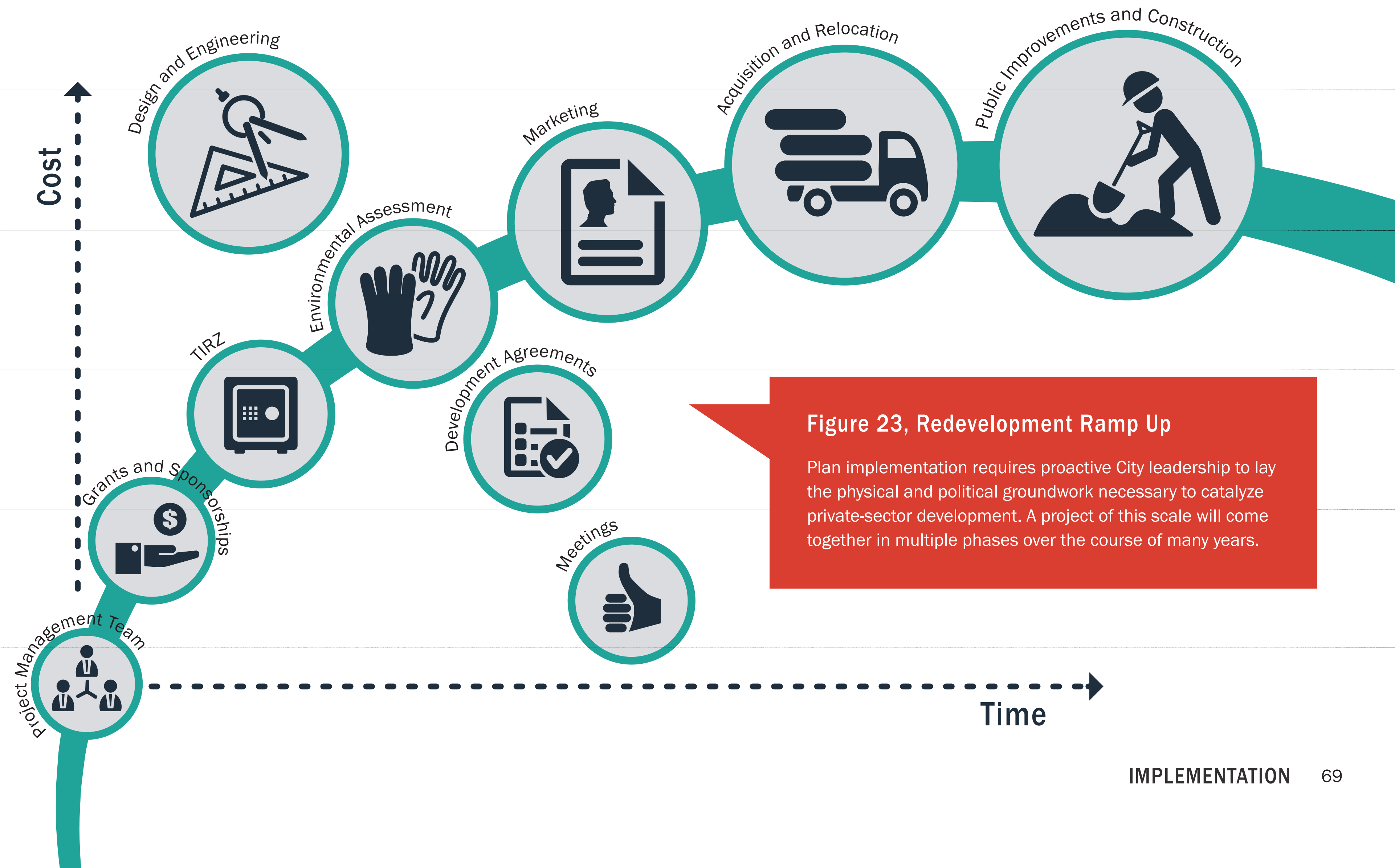
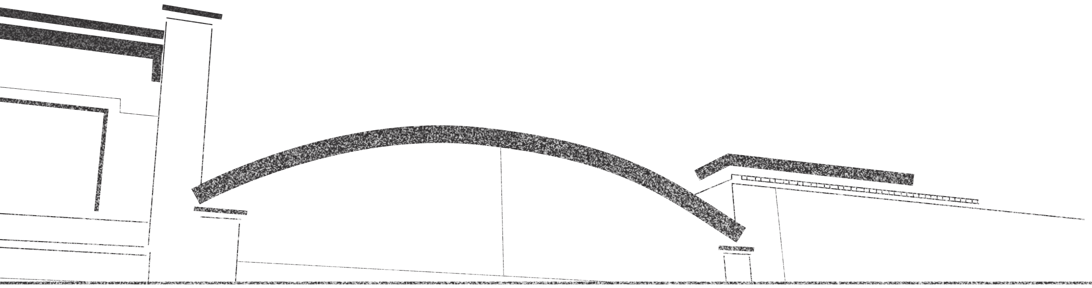


Figure 23, Redevelopment Ramp Up

Plan implementation requires proactive City leadership to lay the physical and political groundwork necessary to catalyze private-sector development. A project of this scale will come together in multiple phases over the course of many years.



important than project cost estimates are anticipated project gaps. Identifying and quantifying project gaps are critical to implementation because the City can then tailor financial incentives to help close specific project gaps.

Redevelopment Due Diligence

Mobilizing for this effort involves the following overlapping steps listed in general order:

1. Formation of Project Management Team (or ongoing regular meetings of the Downtown Revitalization Advisory Committee and supporting subcommittees)
2. Property Owner Meetings
3. Grant and Corporate Sponsorship Solicitation
4. Creation of a Tax Increment Reinvestment Zone (TIRZ)
5. Design, Engineering and Utility Considerations
6. Environmental Assessment and Remediation (if necessary)
7. Land/Easement Acquisition, Assembly and/or Relocation
8. Marketing and Brokerage
9. Developer Performance Agreement
10. Developer Solicitation, Recruitment and Selection

While steps one through four will help kick-off the project, some elements of steps five through nine will need to occur at the outset of every new project phase.

STEP 1: Formation of Project Management Team (PMT)

A critical aspect of approaching a project of this magnitude is building the capacity of City staff to lead and manage it. In the absence of hiring additional staff or on-call consultants (with specialized expertise in redevelopment planning and implementation), the City will need to rely on the help of community leaders with valuable knowledge of development finance, architecture and engineering, construction management, project management, grant writing/solicitation, real estate development/brokerage, marketing, and land use law. Therefore, enlisting the philanthropic community, business leaders, and volunteer professionals, as already proven through the downtown planning process, is an important first step in the redevelopment process. This could start with the ongoing participation and involvement of the Downtown Revitalization Advisory Committee.

Together with City, Dayton Community Development Corporation and Liberty County community and economic development staff (including public works), a collection of individuals with these types of talents will need to meet regularly to apportion some of the workload and manage the schedule. PMT members should be selected not only on the basis of their specialized knowledge, but also on their willingness to assume responsibility for some of the work effort. Ideally, they would be non-political, non-conflicted, community-minded individuals willing to commit to a minimum of one to two years of service. This may involve up to twice-monthly meetings and 50 to 100 hours of volunteer work per year (i.e., five to eight hours per month). Generally speaking, the size of the PMT should not exceed 8-10 community members. Special subcommittees of three to four individuals each may also be needed to accomplish special tasks that don't need the full group's involvement (e.g., grant identification and writing, website development, etc.).

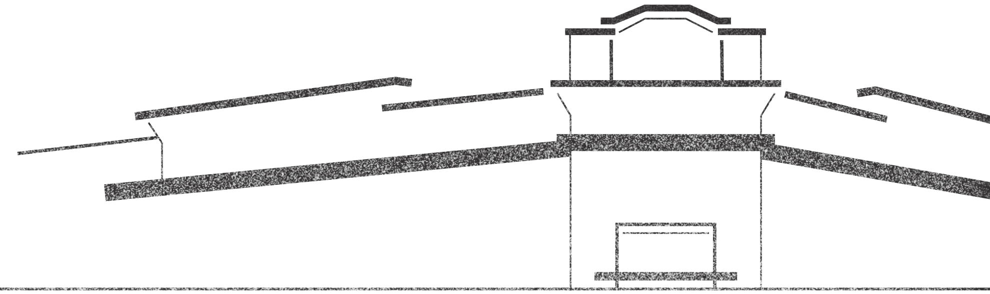


Figure 24, Project Management Team

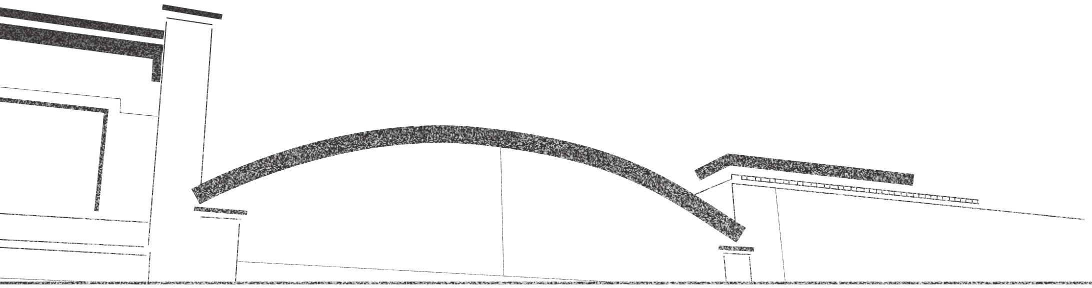
STEP 2: Property Owner Meetings

At the early stages of implementation, City staff will need to reach out individually to key property/business owners within the study area who did not participate in the workshops and public meetings leading up to this plan. While some property owners will welcome new changes (and the appreciation of property values that will result), others will be resistant to change. Outreach efforts will help to update them on the City's vision and commitment to respecting existing resident interests.

For those willing to sell for a reasonable price, the City would be wise to either purchase or enter into a long-term option to secure those properties. For those who need to relocate a business, staff may offer land swaps with parcels that it owns (or can acquire) outside of the study area.

STEP 3: Grant and Corporate Sponsorship Solicitation

The leveraging of state and federal grants for the plan's public infrastructure components is critical in accelerating the plan and reducing local costs. Soon after the plan's completion, City officials should arrange individual meetings with the area's elected representatives and appropriate state and federal agencies to solicit their help in identifying and securing grants for public infrastructure, mitigation, and economic development. Cost estimates and development programs for individual catalysts should be refined and/or adjusted ahead of these meetings, and local funding sources (e.g., TIRZ, DCDC Grant, Business Improvement Grant, Chapter 380, etc.) clearly identified before approaching prospects. More information is provided in the Grant Solicitation inset on the following page.



Part of this solicitation process should also include pursuit of corporate sponsorships, another possible revenue stream that can supplement larger pools of money. Whether it's naming rights or other assets that can be leveraged to the benefit of local companies, this type of funding should be pursued with small and large community-minded businesses.

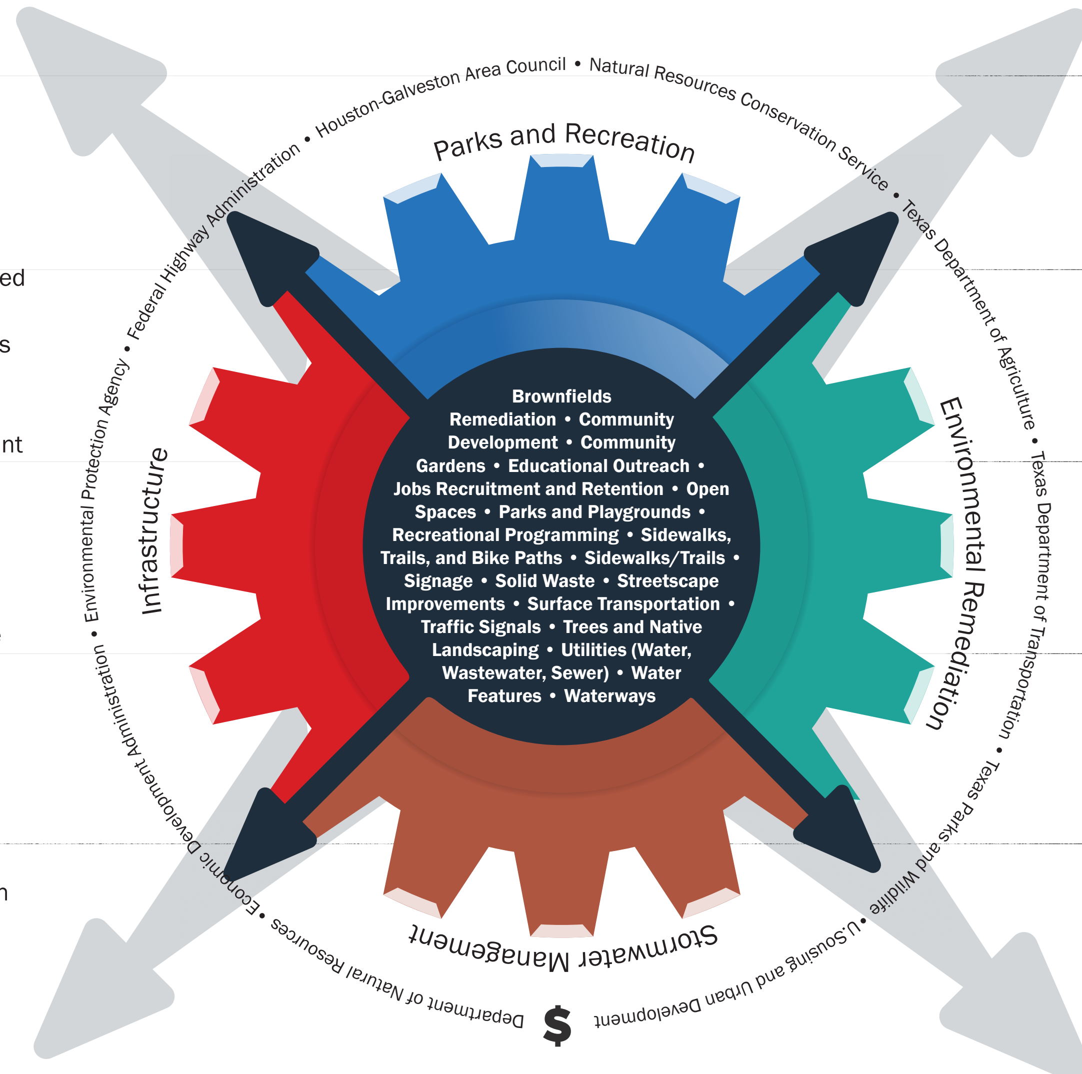
STEP 4: Creation of TIRZ

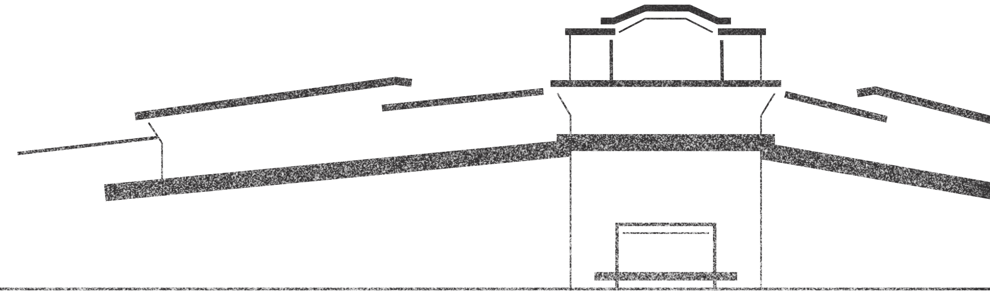
Tax increment financing is one of the most powerful redevelopment tools available to municipalities throughout the U.S., particularly in Texas. When used with high-impact projects in mind, it is a highly effective way to partially fund infrastructure and lessen taxpayer burdens. TIRZ can fund hard and soft costs associated with redevelopment, including land purchase, relocation costs, public infrastructure, streetscape amenities, recreational facilities, developer cash incentives, developer financing, marketing and brokerage fees, consultant fees, and staff salaries (or portions thereof). It is our understanding that the City is already familiar with the workings of TIRZs through its experience with the proposed Gulf Inland TIRZ project.

In establishing a preliminary TIRZ boundary, the City already attempted to avoid non-redevelopment areas, especially single-family areas, where change is unlikely or unintended. Conversely, the TIRZ could extend beyond the main Downtown boundary area where new, non-TIRZ revenues can be anticipated and captured in the district.

For these reasons, the boundaries of the Downtown TIRZ will initially coincide with the established Downtown boundary area. Rather, the Downtown TIRZ should avoid the single-family blocks located in and around the vicinity of the Downtown boundary. This includes any projects on the periphery of Downtown that may soon be in the path of new development, with a special focus on larger vacant (infill) parcels.

Figure 25, Grant Solicitation





The means in which the City uses TIRZ financing will depend on how much new taxable value will be created in each project phase (as well as the availability of other sources to fund basic infrastructure). Another factor will be other developer subsidies that the City can bring to the table such as free land and/or tax abatements, etc. Given the plan's modest building densities and the City's relatively low tax rates, it is unrealistic to think that a new TIRZ will finance everything on its own (e.g., new infrastructure, land purchases, and developer cash incentives).

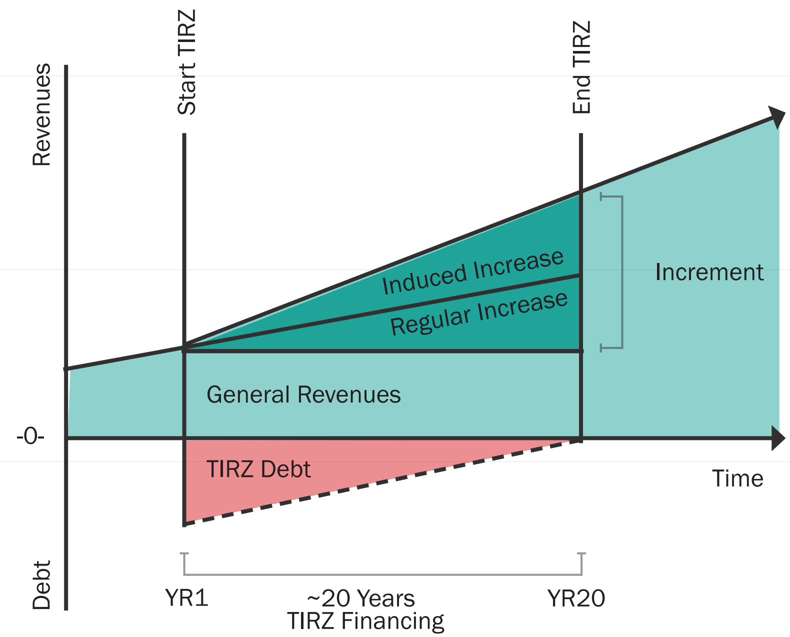
Developer "incentives" may consist solely of free or steeply discounted land within a vastly improved Downtown area. Cash incentives above this will only be justified (and financially supported) by development of extraordinary quality and appropriate density. In these cases, a fairly safe rule of thumb is no more than 20 percent of new taxable value should be paid to the developer in the form of cash (i.e., less the cost of land if also acquired via the TIRZ).

In the end, however, the City will have to determine its short- and long-term capacity to offer incentives. It may have to over-subsidize the initial phase(s) with the hope that it can be reimbursed in the latter ones. This can sometimes be justified in order to reduce developer risk on the front end as the market is being established. Later phases typically receive less since they are generally less risky. Because TIRZs have built-in expiration dates, it is generally not wise to officially establish the district until projects are ready to be implemented.

Much of the preparation work, however, can be done beforehand, including:

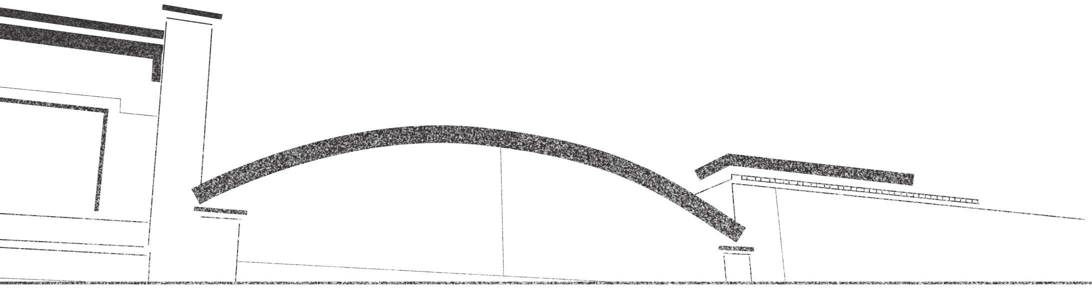
- Constituent/property owner education;
- Establishing the official TIRZ boundary;
- TIRZ project plan;
- Blight determination ("but for" test) and redevelopment plan; and
- Creation of a joint taxing body review committee.

Figure 26, TIRZ Financing



STEP 5: Design, Engineering, and Utility Considerations

The design concepts depicted in this plan, as in most plans, are largely conceptual and thematic in nature. They are intended to communicate the key organizing features - density and scale of a new urban neighborhood - as well as the general relationship between buildings, streets, and open space. This



plan's purpose is to present an overall vision and strategy to help generate financial support and developer interest. Invariably, what materializes in actual "bricks and mortar" should be inspired by the plan in a general, rather than absolute sense.

The concept plan is informed by public meetings, the Market Context Section, and readily available second-party information. Invariably, there will be adjustments to the conceptual design that will have to be made in response to newly discovered site constraints (e.g., easements, unstable soil, uncooperative property owners, etc.) that are largely unknown until comprehensive surveys, property owner meetings, and/or environmental investigations are evaluated for each parcel. These constraints need to be worked through between the landscape designer and engineer working at the scale of the individual lot or block. Therefore, each of the public features shown in the plan, including streets and sidewalks, will need additional level(s) of "as-built" detail prior to actual construction.

Once a funding source has been identified (e.g., pay-as-you-go, bonds, etc.), the City should engage a qualified design build civil engineering firm to translate the design concepts for new streets and water features into construction drawings. The engineer's task is not to redesign the public components, but to refine (and where necessary slightly modify) the conceptual designs in response to the nuances of further site investigation.

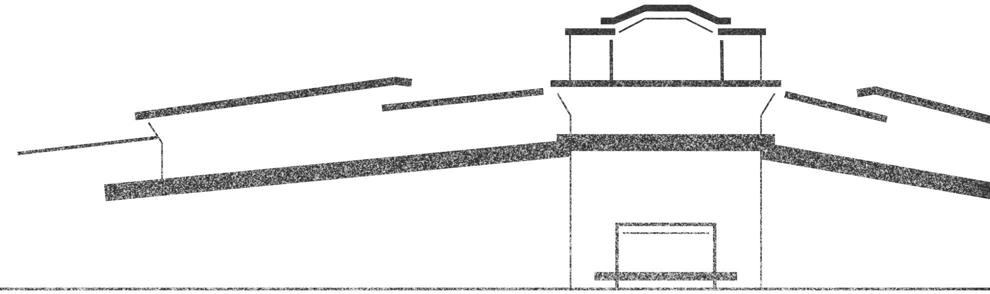
Some firms can even assist with grant preparation, if called upon. The City should explore firms' willingness to do grant writing on a performance basis, as this type of contractual arrangement typically engenders the highest likelihood of success.

STEP 6: Environmental Assessment and Remediation

Depending on the qualifications of submitting firms, the environmental work may be bundled with the design and engineering work or bid separately. Ideally, this work should precede any further acquisition of real estate activities by the City. However, individual property owners may resist the City gaining access to their property to do testing without an in-hand purchase option or contingent purchase offer.

Based on a cursory investigation, it does not appear that any of the sites within the study area will require a significant amount of active environmental remediation. However, the presence of certain small-scale gasoline stations always pose the possibility of superficial and underground soil contamination.

A more formal Phase 1 environmental analysis of the study area will determine the nature and possible extent of any environmental problems based on database searches and historical uses of property. However, as noted in the Existing Downtown Section, no initial environmental issues are present in the study area. If "hot spots" are located, they can typically be "worked around" by placing impervious cover (e.g., parking lots, building foundations) over them to prevent water infiltration and exposure. In the worst cases, soil may have to be excavated and disposed of in special landfills and monitoring wells installed. In most cases, the presence of residual contamination may affect the timing and expense of land preparation but not its future use. There are also numerous brownfield grant programs available through the Economic Development Administration (EDA), Environmental Protection Agency (EPA), DNR, and H-GAC to help investors deal with site contamination issues. That said, the City should never close on a property without first doing environmental due diligence and without an indemnification agreement from the seller (if at all possible). Brownfield insurance is another way for the City to protect itself in situations



where environmental conditions are believed to exist, but where current owners are unable or unwilling to conduct their own clean-up work prior to sale.

STEP 7: Land/Easement Acquisition and Relocation

This activity is one of the slowest and most time-consuming aspects of redevelopment, requiring as much lead time as possible. There will be two different types of property acquisition involved in this project: (1) land that needs to be acquired for permanent public uses, and (2) land that the City will need to combine with existing City-owned parcels and transfer into private hands for redevelopment.

There are very different legal constraints that attach to the different types of acquisitions. The former will be identified through the design and engineering process via survey and are obtainable through a number of formal and informal processes. The latter must be acquired voluntarily at “arms-length” unless the sites are determined to be blighted (i.e., risk to public health, safety, and welfare).

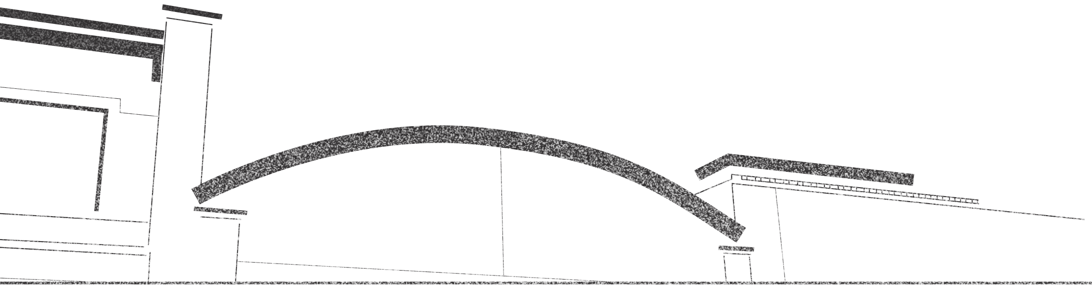
As mentioned earlier, many property owners will see that the proposed improvements will likely boost property values and will welcome the changes. The City should not hesitate to solicit the donation of needed, un(der)used land from agreeable property owners to the DCDC in exchange for tax write-offs. In cases where the owner is hesitant to sell outright a strip of land (e.g., trail segment), a public easement may be sufficient. Easements, inasmuch as they restrict use, also have value that can be purchased or donated in-lieu of special assessments.

As for assembling future building sites for private developers, the City has considerably less influence. While it might be tempting to just leave this up to the private sector, the reality is that fewer developers will be interested in the project unless the land and public amenities are assembled and “packaged” for them.

Therefore, it behooves the City to work toward consolidating and controlling key privately owned sites, especially ones that break up publicly owned tracts or those whose appearance will undermine developer interest. Public control doesn’t always have to mean outright purchase. Long-term options can essentially achieve the same result without the immediate expenditure of funds. In addition to enhancing the project’s overall marketability, public acquisition allows the insertion of design covenants into deeds or incorporated into public-private development agreements. These controls serve as an alternative to zoning, while still helping to encourage quality developments.

A great deal of finesse and creativity is required to assemble land. Unfortunately, the unveiling of a plan often raises property owners’ expectations regarding land value to unrealistic heights. The amount of ease or difficulty in achieving a fair purchase can be discerned through initial property owners’ meetings (Step 2). If owners are unwilling to sell, the City (and developers) will need to look for opportunities elsewhere while managing overall redevelopment expectations.

Public entities frequently use proxies or “surrogate buyers” to insulate them from the price increases that sometimes accompany public acquisitions. The public buyer (or buyer’s agent) will need to conduct research before going into these discussions to establish parameters for valuation (e.g., assessed values, appraisals, comparable sales, etc.) and a fair process for resolving disputes (e.g., appraisal averaging). Overdue tax bills, outstanding code violations, and obvious signs of deferred maintenance may provide clues (and leverage) as to an owner’s willingness to sell at a fair price. The age, health, and business succession plans of the owner are other factors. Developer willing, reluctant



sellers can sometimes be partnered in as an equity investor in the project if the parties can agree on the contribution value of the land.

If business continuation is the owner's main resistance (i.e., versus price), the City should have possible relocation sites lined up and be prepared to pay all relocation and business interruption costs per the federal Uniform Relocation Assistance and Real Property Acquisition Act (URA) of 1970.

STEP 8: Marketing and Brokerage

In order to generate the widest possible interest in the project among the best qualified developers, the City will need to develop professionally produced marketing materials and disseminate them through various channels. These include traditional and nontraditional marketing collateral (e.g., printed brochures, trade magazine advertisements, e-blasts, websites, etc.). The content of the materials should be concise and include both community- and site-specific project information, key plan graphics, highlights of the Market Context Section (e.g., basic demographics, employment, and income data), information about City incentives (e.g., TIRZ, discounted land, DCDC grants), and the desired qualifications of developers. The material should direct inquiries to a dedicated project website where additional information, including the complete versions of the Market Context Section and the Dayton Downtown Revitalization Plan can be obtained.

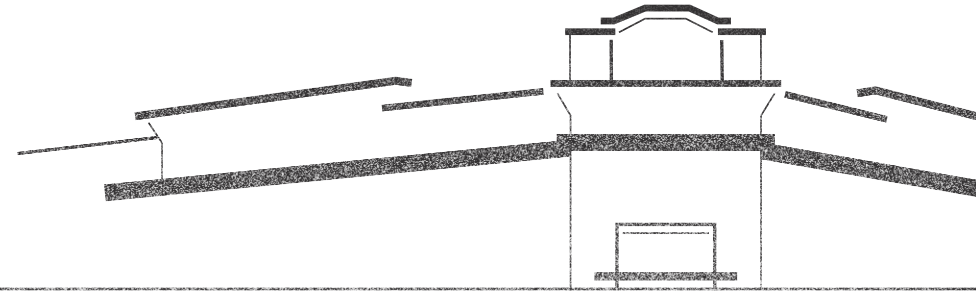
Depending on the capacities of City staff, the actual marketing of the project can either be done in-house or outsourced to a well-networked broker with statewide contacts. Liberty County and metropolitan Houston should be the main target of the initial marketing campaign. As a first step, a quality printed pamphlet should be produced to summarize the vision, site, and market opportunities.

Because of the extensive opportunities already presented to developers in the region, it is recommended that the City not initially conduct a developer solicitation process with a formal RFQ/RFP. Instead, it should initially attempt to generate as much interest with as little process and formality as possible, particularly by using the DCDC's evolving list of prospects. If a good fit is found quickly, the City should be prepared to enter into exclusive negotiations with the qualified developer. If/when a significant pool of qualified developers comes forth, a subsequent RFQ/RFP process can help sort the list to a manageable few. Developer selection criteria should include:

- Experience with similar projects and communities;
- Experience with vertical and horizontal forms of mixed-use development;
- Overall impressiveness of portfolio;
- Willingness to conform to the catalyst concepts, standards and codes set forth in this plan and by the City;
- Reputation and references;
- Ability to generate a development pro forma with reasonable estimated project costs;
- Financial and credit strength; and
- Extent of public assistance being requested.

STEP 9: Master Development Agreement

As stated earlier, the fact that the City may control significant portions of the land to be redeveloped (and/or will subsidize new development) means that it can contractually enforce better design quality and use restrictions. In other words, the City has leverage as part of a voluntary development agreement contract to negotiate both future use and design irrespective of zoning or other



land use controls. Deed restrictions and design covenants can be written into such agreements and legally recorded.

Although each agreement will be different (i.e., there may be several depending on how many developers become involved), there are a few core performance elements that should be contained in each of them. Key considerations include, but are not limited to:

- Construction beginning and completion dates;
- Estimated total project costs (development pro forma);
- New tax increment generated;
- Stipulations on design quality, including: materials, setbacks, building heights/shapes, articulation, design character, and parking accommodations;
- Final design review and sign-off authority favoring the City;
- Environmental hold harmless/indemnification;
- Proof of financing (e.g., letters of credit, loan commitments, personal financial statements);
- Breakdown of ownership data (e.g., rental, condominium) and use by square feet (e.g., residential, retail, mixed-use);
- Public access easements and improvements;
- Public area maintenance agreements;
- Minimum ownership tenure, including “no flip” clauses;
- Property reversion (“clawback”) clauses in case the terms are not followed; and
- Refundable performance deposit or bond (typically between two to five percent of the total estimated project costs).

Generally, these items will vary by project and be summarized in a developer “term sheet” that would precede the formal development agreement. The term sheet is a stripped-down version of the development agreement and provides a legal framework for negotiation. It should include renderings, plans, and other exhibits showing the proposed architectural character, site layout, and materials palette.

The master development agreement is a template spelling out the expectations of the City and developer. A standard agreement guarantees a measure of consistency and fairness in the review and negotiation of publicly assisted (re) development projects. Each individual agreement can be further refined to address the unique characteristics and circumstances of each project.

STEP 10: Developer Solicitation and Selection

Assuming that the City is successful in drawing interest from multiple developers, it may opt to go through a regular RFQ/RFP process as briefly described in Step 8. Choosing a developer from a larger pool of candidates should be determined by who: (1) can deliver the best product for the least amount of public subsidy, and (2) can demonstrate a high level of financial ability.

The criteria for selecting the best developer closely follows the proposed development agreement terms in Step 9. Besides financial capability, the City should look for similar project experience, references, a high per-square-foot construction cost estimate, and a willingness to adhere to this plan. The formation of a special committee and scoring matrix will facilitate oversight and fairness in the selection process.

APPENDIX A
TAPESTRY PYSCHOGRAPHIC PROFILES

Table A1, City of Dayton Psychographic Profile

Lifestyle Segment	Area Households	% of Total Households	U.S. Index=100*
Down the Road	1,069	37.0%	3,243
Southern Satellites	708	24.5%	783
Middleburg	631	21.9%	767
Barrios Urbanos	371	12.9%	1,227
Green Acres	107	3.7%	115
Total Above Segments	**2,886**	**100.0%**	--
Total Trade Area	**2,886**	**100.0%**	--

* Indicates concentration of this segment relative to U.S. average. A segment index of 200 would mean that this group contains 2 times the concentration of employees/households compared to the average U.S. community.

Source: ESRI and Ricker | Cunningham

Table A2, Dayton Trade Area Pyschographic Profile

Lifestyle Segment	Area Households	% of Total Households	U.S. Index=100*
Southern Satellites	22,916	15.5%	496
Up and Coming Families	20,696	14.0%	595
Boomburbs	15,613	10.6%	650
Home Improvement	10,763	7.3%	424
Down the Road	9,206	6.2%	546
American Dreamers	8,806	6.0%	402
Barrios Urbanos	6,656	4.5%	430
Savvy Suburbanites	6,449	4.4%	147
Middleburg	5,681	3.8%	135
Green Acres	4,764	3.2%	101
Total Above Segments	**111,550**	**75.5%**	--
Total Trade Area	**147,682**	**100.0%**	--

LifeMode Group: Rustic Outposts

Southern Satellites

10A

Households: 3,856,800

Average Household Size: 2.67

Median Age: 40.3

Median Household Income: $47,800

WHO ARE WE?

Southern Satellites is the second largest market found in rural settlements but within metropolitan areas located primarily in the South. This market is typically nondiverse, slightly older, settled married-couple families, who own their homes. Two-thirds of the homes are single-family structures; almost a third are mobile homes. Median household income and home value are below average. Workers are employed in a variety of industries, such as manufacturing, health care, retail trade, and construction, with higher proportions in mining and agriculture than the US. Residents enjoy country living, preferring outdoor activities and DIY home projects.

TAPESTRY™ SEGMENTATION
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OUR NEIGHBORHOOD

- About 78% of households are owned.
- Married couples with no children are the dominant household type, with a number of multigenerational households (Index 112).
- Most are single-family homes (67%), with a number of mobile homes (Index 509).
- Most housing units were built in 1970 or later.
- Most households own 1 or 2 vehicles, but owning 3+ vehicles is common (Index 144).

SOCIOECONOMIC TRAITS

- Education: almost 40% have a high school diploma only (Index 140); 45% have college education (Index 73).
- Unemployment rate is 6%, slightly higher than the US rate.
- Labor force participation rate is 59.1%, slightly lower than the US.
- These consumers are more concerned about cost rather than quality or brand loyalty.
- They tend to be somewhat late in adapting to technology.
- They obtain a disproportionate amount of their information from TV, compared to other media.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.


LifeMode Group: Ethnic Enclaves

Up and Coming Families

7A

Households: 2,901,200

Average Household Size: 3.12

Median Age: 31.4

Median Household Income: $72,000

WHO ARE WE?

Up and Coming Families is a market in transition—residents are younger and more mobile and ethnically diverse than the previous generation. They are ambitious, working hard to get ahead, and willing to take some risks to achieve their goals. The recession has impacted their financial well-being, but they are optimistic. Their homes are new; their families are young. And this is one of the fastest-growing markets in the country.

OUR NEIGHBORHOOD

- New suburban periphery: new families in new housing subdivisions.
- Building began in the housing boom of the 2000s and continues in this fast-growing market.
- Single-family homes with a median value of $194,400 and a lower vacancy rate.
- The price of affordable housing: longer commute times (Index 217).

SOCIOECONOMIC TRAITS

- Education: 67% have some college education or degree(s).
- Hard-working labor force with a participation rate of 71% (Index 114) and low unemployment at 4.6% (Index 84).
- Most households (61%) have 2 or more workers.
- Careful shoppers, aware of prices, willing to shop around for the best deals and open to influence by others' opinions.
- Seek the latest and best in technology.
- Young families still feathering the nest and establishing their style.

TAPESTRY™ SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.

LifeMode Group: Affluent Estates

Boomburbs

1C

Households: 2,004,400

Average Household Size: 3.25

Median Age: 34.0

Median Household Income: $113,400

WHO ARE WE?

This is the new growth market, with a profile similar to the original: young professionals with families that have opted to trade up to the newest housing in the suburbs. The original *Boomburbs* neighborhoods began growing in the 1990s and continued through the peak of the housing boom. Most of those neighborhoods are fully developed now. This is an affluent market but with a higher proportion of mortgages. Rapid growth still distinguishes the *Boomburbs* neighborhoods, although the boom is more subdued now than it was 10 years ago. So is the housing market. Residents are well-educated professionals with a running start on prosperity.

TAPESTRY SEGMENTATION
esri.com/tapestry

OUR NEIGHBORHOOD

- Growth markets are in the suburban periphery of large metropolitan areas.
- Young families are married with children (Index 220); average household size is 3.25.
- Home ownership is 84% (Index 134), with the highest rate of mortgages, 71.5% (Index 173).
- Primarily single-family homes, in new neighborhoods, 66% built since 2000 (Index 441).
- Median home value is $350,000 (Index 169).
- Lower housing vacancy rate at 3.7%.
- The cost of affordable new housing comes at the expense of one of the longest commutes to work, over 30 minutes average, including a disproportionate number (33.6%) commuting across county lines (Index 141).

SOCIOECONOMIC TRAITS

- Well educated young professionals, 55% are college graduates (Index 178).
- Unemployment is low at 3.3% (Index 61); high labor force participation at 71.3% (Index 114); most households have more than two workers (Index 124).
- Longer commute times from the suburban growth corridors have created more home workers (Index 156).
- They are well connected: own the latest devices and understand how to use them efficiently; biggest complaints—too many devices and too many intrusions on personal time.
- Financial planning is well under way for these professionals.

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.

LifeMode Group: Family Landscapes

Home Improvement

4B

Households: 2,114,500

Average Household Size: 2.88

Median Age: 37.7

Median Household Income: $72,100

WHO ARE WE?

Married-couple families occupy well over half of these suburban households. Most *Home Improvement* residences are single-family homes that are owner occupied, with only one-fifth of the households occupied by renters. Education and diversity levels are similar to the US as a whole. These families spend a lot of time on the go and therefore tend to eat out regularly. When at home, weekends are consumed with home improvement and remodeling projects.

OUR NEIGHBORHOOD

- These are low density suburban neighborhoods.
- Eight of every 10 homes are traditional single-family dwellings, owner occupied.
- Majority of the homes were built between 1970 and 2000.
- More than half of the households consist of married-couple families; another 12% include single-parent families.

SOCIOECONOMIC TRAITS

- Higher participation in the labor force and lower unemployment than US levels; most households have 2+ workers.
- Cautious consumers that do their research before buying, they protect their investments.
- Typically spend 4–7 hours per week commuting, and, therefore, spend significant amounts on car maintenance (performed at a department store or auto repair chain store).
- They are paying off student loans and home mortgages.
- They spend heavily on eating out, at both fast-food and family restaurants.
- They like to work from home, when possible.

TAPESTRY™ SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.

LifeMode Group: Rustic Outposts

Down the Road

10D

Households: 1,406,700

Average Household Size: 2.76

Median Age: 35.0

Median Household Income: $38,700

WHO ARE WE?

Down the Road is a mix of low-density, semirural neighborhoods in large metropolitan areas; half are located in the South, with the rest chiefly in the West and Midwest. Almost half of householders live in mobile homes; more than two-fifths live in single-family homes. These are younger, diverse communities, with the highest proportion of American Indians of any segment. These family-oriented consumers value their traditions. Workers are in service, retail trade, manufacturing, and construction industries, with higher proportions in agriculture and mining, compared to the US. This market has higher unemployment, much lower median household income and home value, and more than a fifth of households with income below poverty level.

OUR NEIGHBORHOOD

- Nearly two-thirds of households are owned.
- Family market, primarily married couples or single-parent households (Index 145).
- Close to half of all households live in mobile homes (Index 780).
- Four-fifths of households were built in 1970 or later.
- About 32% of homes are valued under $50,000 (over 4 times the US percentage).

SOCIOECONOMIC TRAITS

- Education completed: 36% with a high school diploma only, 41% with some college education or a degree.
- Unemployment rate is 7.8%, higher than the US rate.
- Labor force participation rate is 59.0%, slightly lower than the US.
- Family-oriented, outgoing consumers; they place importance on preserving time-honored customs.
- They put a premium on convenience rather than health and nutrition.

TAPESTRY™ SEGMENTATION
esri.com/tapestry

Note: The Index represents the ratio of the segment rate to the US rate multiplied by 100.
Consumer preferences are estimated from data by GfK MRI.

APPENDIX B
CATALYST PROJECT ECONOMIC ANALYSIS

Introduction

This analysis focuses on the potential development economics associated with the Dayton Downtown Plan proposed "catalyst projects" and the level of anticipated public investment that might be required in these catalyst areas. The objectives of the analysis are to:

- Determine the potential financial impact of catalyst project concepts;
- Quantify economic "gap" between prevailing market conditions and desired real estate products;
- Educate public and private partners; and
- Provide an "independent" story to tell potential investors/developers/ property owners interested in downtown redevelopment.

Background

Because there are so many "moving parts" to redevelopment, success is highly dependent on the elimination of as much uncertainty as possible. Challenges on the cost side of the equation include: significant variations in land prices, depending on market conditions and property owner expectations; on-site development costs, depending on existing conditions; off-site development constraints including upgrades to existing infrastructure; and higher financing costs due to perceptions of risk. Challenges on the revenue side include the fact that it may take longer to absorb space or achieve anticipated rents and / or sale prices as market conditions change. All of these dynamics result in a relatively high-risk endeavor for a private developer. Therefore, the level to which public sector requirements assist or impede development projects can decrease or increase some of their inherent variability and uncertainty.

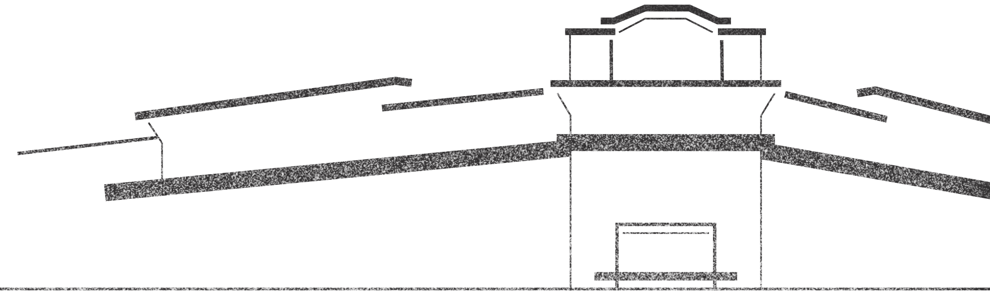
Among the most significant challenges facing potential catalyst projects such as these are:

- Level of market "education" required to achieve project rents and sale prices at the high end of the market;
- Higher development costs associated with creating a "place" unique enough to attract tenants willing to pay a premium to live/work there; and
- Ability to overcome investor perceptions of the project's location as a transitional area (e.g., a revitalizing downtown).

Methodology

The development economic analysis is evaluated from a private developer perspective, i.e., how much development value can be created from each land use/product type based on current revenues and costs in the market? For each catalyst project, a build-out economic analysis was prepared based on the proposed development program. Rents and sale prices for each land use type were based on current and future market conditions in Liberty County and the northeast Houston metro area. Estimates of total project value and project cost were completed, resulting in either a margin or a "gap." If a project "gap" was identified, potential "gap filling" measures were quantified, including:

- Land Acquisition / Writedown
- Site Improvements Contribution (infrastructure, parking)
- Supportable TIRZ (25 years)



- City Sales Tax Sharing (380 Loan – 20 years)
- Development Fee Waivers
- Federal/State/Local Grants
- Streamlined Development Approval Process

The goal in redevelopment is to balance variables in an aesthetically and economically responsible manner, thereby reducing uncertainty (and economic gaps). Key assumptions used in the development economic analysis are detailed below in Tables B1, *Project Revenue*, and B2, *Project Costs*.

Summary

It is not unusual for downtown and urban redevelopment projects to generate economic gaps between 15% and 40%. As shown in Table 1, the analysis summarized herein reflected "gaps" between 2% and 33%, with one project generating a surplus. Those projects with economic gaps are still within the reasonable range for strategic public investment. A successful public-private partnership may require the public sector (in this case, the City) to be a financial partner to this level. A 20% investment in one of these catalyst projects would "leverage" approximately $5 in private investment for every $1 spent by the public sector. This is the type of ratio the public sector should expect in redevelopment areas. Table 2 summarizes the level of private sector investment "leverage" that might result from strategic public investment.

"Closing the gap" for these catalyst projects will not be accomplished through the use of one strategy or tool. Rather, many tools, used in combination with one another, will be necessary to encourage or leverage private sector investment to the level shown in the catalyst projects. Lastly, it should be noted that the pro forma is based on multiple variables which could affect the "gap" in either a positive or negative manner. It can be used as a sensitivity analysis tool to test alternative programs and project components.

Table B1, Project Revenue

Retail Building Efficiency	100%
Office Building Efficiency	100%
Apartment Building Efficiency	100%
Retail Rental Rate	$22.00 per SF (triple net)
Office Rental Rate	$22.00 per SF (gross)
Apartment Rent	$1.20 per SF
Townhome/Condominium Sale Price	$250,000 per Unit
Stabilized Occupancy Rate	95%
Annual Operating Costs (Retail)	$.50 per SF
Annual Operating Costs (Office)	$7.00 per SF
Annual Operating Costs (Apartments)	$5,000 per Unit
Marketing Costs (Townhome/Condo)	7% of Sales
Stabilized Capitalization Rate	7.0%

Table B2, Project Costs

Property Acquisition/Demolition	CAD Appraisal Value + 20% Premium
Surface Parking	$2,500 per Space
Structured Parking	$25,000 per Space
Site Development	$3.00 per SF
Building Construction ("Hard" Costs Only)	
Retail	$120 per SF
Office	$120 per SF
Apartments	$110 per SF
For-Sale Housing	$120 per SF
Construction Contingency	5% of Construction Costs
"Soft" Costs (% of Hard Costs)	12% of Hard Costs
Developer Profit	8% of Total Costs
Stabilized Capitalization Rate	7.0%

APPENDIX C
CATALYST FISCAL IMPACT ANALYSIS

Introduction

Over the past decade, community planning efforts have increasingly considered the impacts of land use mix on municipal operating revenues and expenditures. Consideration of these "fiscal" implications ensures that the community "vision" is grounded in market and economic reality, and the local government entity's future fiscal health or "balance" is maintained. The fiscal analysis is also designed to educate community stakeholders as to the fiscal implications of land use decisions and explain the relationship between revenue generation and service costs.

As part of the Dayton Downtown Plan (the Plan) process, a fiscal analysis was conducted for the potential catalyst projects which were formulated for the Downtown area. The fiscal impact analysis focused on operating revenues and expenditures to the City of Dayton and how they would be affected by the development of these catalyst projects.

Background

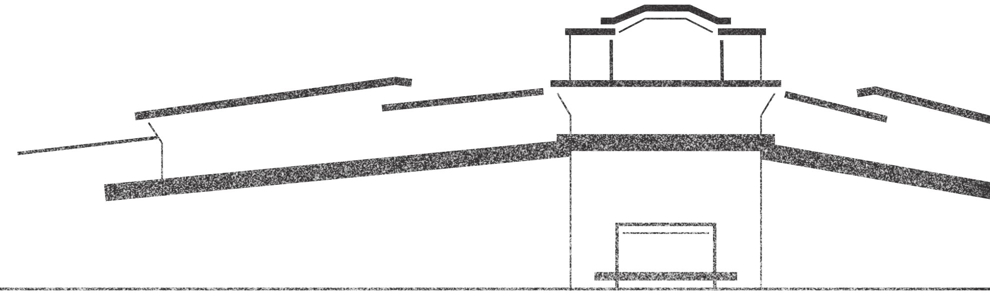
A community's fiscal environment can be described as a "three-legged" stool, balancing nonresidential development, municipal services and amenities, and residential development. The first "leg" of the stool -- nonresidential development -- provides the vast majority of revenues (property and sales tax) to support municipal services. Municipal services and amenities -- the second "leg" -- attract residents and maintain their quality of life. The third "leg" – residential development – generates the spending and employees to support nonresidential businesses. In order for a community to operate in a fiscally sound manner, this balance must continually be maintained, especially through changing economic cycles. A community's return on investment from development growth is largely determined by this balance.

Methodology

An analysis of potential long-term fiscal operating impacts was completed at a macro level to determine the Downtown Plan's ability to generate a balance between revenues and expenditures. General assumptions used in the fiscal analysis included:

- The City of Dayton's current budget (2018-2019) reflects a reasonable balance between revenues and expenditures.
- Future revenues (taxes and fees) are based on current (2018) market values for various development types (housing, retail, office, industrial, other).
- Future expenditures are based on current (2018) service costs per capita, including residents and employees.

Once the catalyst project development programs were formulated, a fiscal impact model was developed, which analyzed the flow of operating revenues



and expenditures as they are affected by future development. The fiscal impact model was designed to measure the following:

- Market-based future development and construction timing (absorption);
- Development market value;
- Tax revenue-generating potential; and
- Service costs by City function (department).

Table C1 summarizes the level of new redevelopment that could potentially be captured in Downtown Dayton over the next 10 years within the surrounding trade area (primarily Liberty County).

Summary

Given this level of market absorption captured by Downtown Dayton over the next 10 years, quantitative fiscal impacts to the City were then calculated, based on the following inputs:

- **Population and Employment Estimates**
  - Population based on average household size by place type
  - Employment based on square feet per employee by place type
- *Revenue Estimates*
  - Based on development value by land use type (property tax)

Table C1, Potential Downtown Dayton Redevelopment

	Dayton Downtown Catalyst Projects								
Land Use Type	**1. Rice Dryer**	**2. Adams Trucking**	**3. Community Center Park**	**4. Highway 90 (8 acres)**	**5. City Hall / Depot Street**	**6. Sterling Infill Block**	**Total Catalyst Projects**	**Trade Area Demand (2018 to 2028)**	**Required Downtown Market Share**
Residential (Units):									
Single Family Attached	20	0	56	0	0	0	76	8,700	1%
Rental Apartments	0	0	24	60	50	50	184	9,800	2%
Residential Total	**20**	**0**	**80**	**60**	**50**	**50**	**260**	**18,500**	**1%**
Non-Residential (SF):									
Retail/Restaurant	15,000	25,000	0	25,000	20,000	10,000	95,000	2,800,000	3%
Office/Employment	0	25,000	0	20,000	20,000	20,000	85,000	1,700,000	5%
Non-Residential Total	**15,000**	**50,000**	**0**	**45,000**	**40,000**	**30,000**	**180,000**	**4,500,000**	**4%**

Source: Kendig Keast Collaborative and Ricker | Cunningham.

- Sales tax based on dollars per square foot in taxable retail sales
- Other revenues = licenses/permits, charges and fines, etc.

– **Service Cost Estimates**
- Service population = residents and employees
- Employees assumed to have 1/3 impact of residents

The net new development growth that will result from the catalyst projects appears to generate a fiscal surplus for the City in terms of operating revenues (Table C2) and expenditures (Table C3).

Table C2, Potential Annual Fiscal Revenues

	Dayton Downtown Plan	
Product Type	**Total Development**	**Development Value**
Single Family Attached	76	$17,100,000
Rental Apartments	184	$13,800,000
Retail/Restaurant	95,000	$19,000,000
Office/Employment	85,000	$10,625,000
		$60,525,000

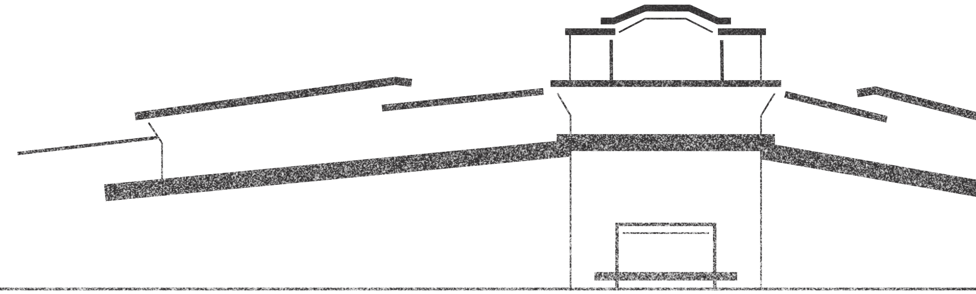
Values based on:

Single Family Attached	$225,000	per Unit
Rental Apartments	$75,000	per Unit
Retail/Restaurant	$200	per SF
Office/Employment	$125	per SF

Source: Kendig Keast Collaborative and Ricker | Cunningham.

	Dayton Downtown Plan	
Product Type	**Taxable Value @ Buildout**	**Property Tax Revenue**
Single Family Attached	$17,100,000	$116,639
Rental Apartments	$13,800,000	$94,130
Retail	$19,000,000	$129,599
Office/Employment	$10,625,000	$72,473
	Property Tax*	**$412,841**
	Sales Tax**	**$356,250**
	Total Tax Revenues	**$769,091**
	Other Revenues ***	**$134,848**
	Total Revenues	**$903,939**

* based on City .6821 property tax rate.
** sales tax based on retail sales of $250 per square foot and 1.5% retail sales tax rate.
***based on 2018 general fund revenues from permits, fees, licenses, fines, etc. – per capita of $133.



In summary, the fiscal analysis highlights how critical land use decisions are to a community's financial well-being. The ability to effectively balance revenues and expenditures will ensure that residents will continue to enjoy quality municipal services and community amenities. This analysis has shown that the proposed catalyst projects formulated as part of the Dayton Downtown Plan represent a balanced mix of revenue-generating and cost-producing land uses designed to maintain the City's long-term fiscal health. Lastly, the analysis can be utilized as a tool to measure impacts from development/redevelopment projects as they come forward. In this way, the City will be able to "benchmark" revenue and expenditure impacts on a periodic basis.

Table C3, Potential Annual Fiscal Expenditures

Job Type	Dayton Downtown Plan
Residents	**350**
Retail Employees	**238**
Office Employees	**425**
Total	**1,013**
Resident estimates based on:	
Single Family Attached	**1.7 Household Size**
Rental Apartments	**1.2 Household Size**
Employment estimates based on:	
Retail/Restaurant	**400 SF per Employee**
Office/Employment	**200 SF per Employee**

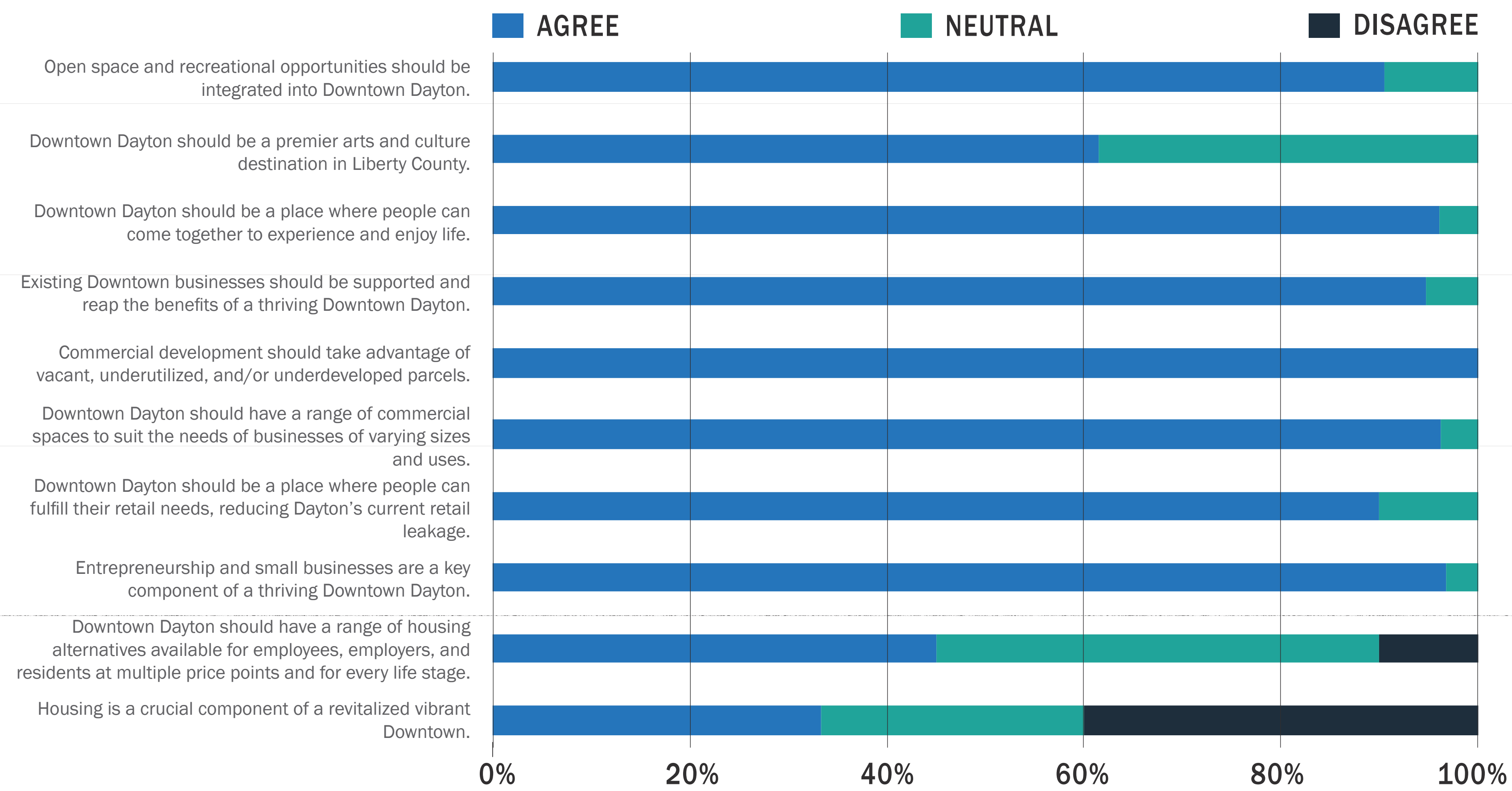
Source: Kendig Keast Collaborative and Ricker | Cunningham.

	Dayton Downtown Plan	
Product Type	**Residents / Employees**	**Annual Service Costs***
Residents	350	$339,147
Retail Employees	238	$76,712
Office Employees	425	$137,274
	Total Service Costs	**$553,133**
	Total Revenues	**$903,939**
	Total Surplus / Deficit	**$350,806**
	% Surplus / Deficit	**63%**

* based on 2018 general fund expenditures and debt service per capita of $969.
Note: Service cost impacts of employees estimated at 1/3 of residents.

APPENDIX D
VISUAL PREFERENCE SURVEY RESULTS

Figure D1, Dayton Downtown Goals Open House Results



What does DAYTON need to have a vibrant DOWNTOWN?
LIVE/WORK SPACES and MIXED-USE

Live/work spaces.

Mixed-use residential/retail.

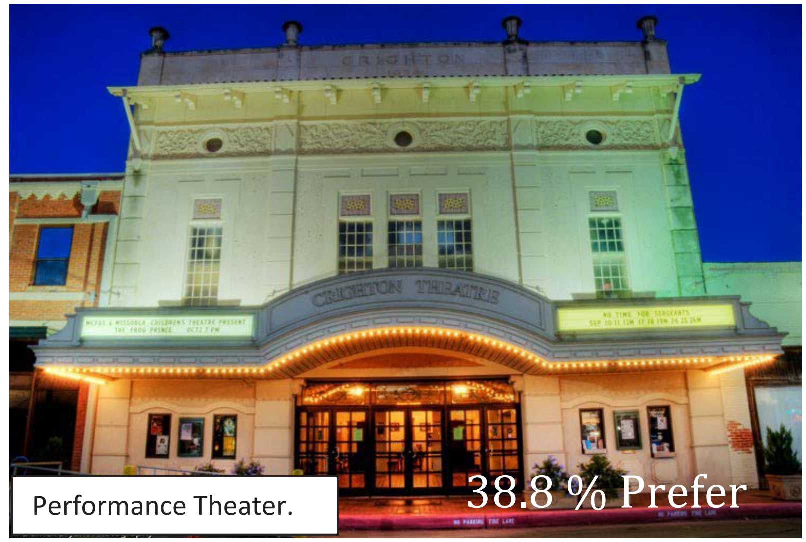
Multi-family development.

Mixed-use.

What does DAYTON need to have a vibrant DOWNTOWN?
WORK/SHOP: ART VENUES

Arts center.

5.5% Prefer



Performance Theater.

38.8 % Prefer

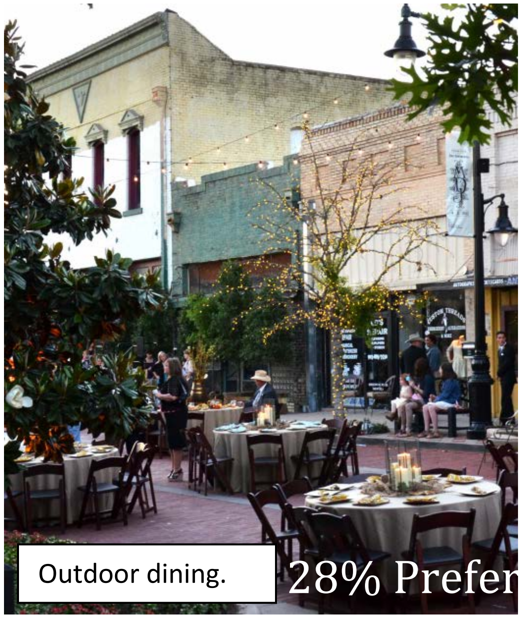

Artist studio utilizing existing building.

5.5% Prefer

Art center/gallery.

50% Prefer

What does DAYTON need to have a vibrant DOWNTOWN?
WORK/SHOP: RESTAURANTS



Outdoor dining.

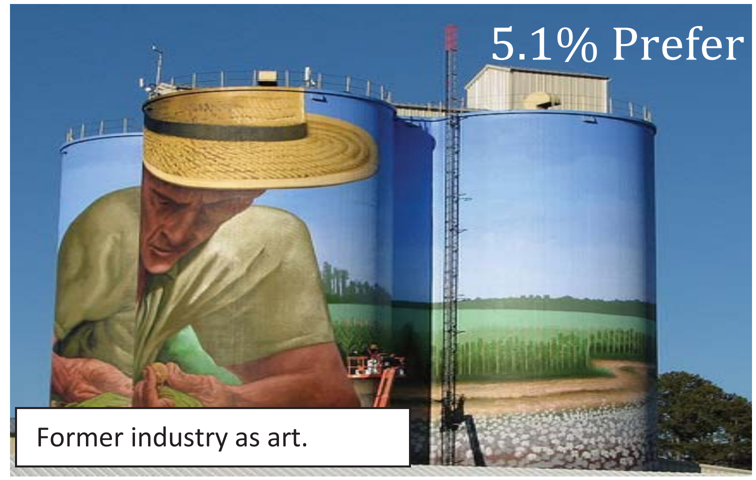
Sidewalk dining.

Outdoor dining with patio.

Sidewalk dining.

What does DAYTON need to have a vibrant DOWNTOWN?
WORK/SHOP: Industrial Re-Use

Former industry as art.



Former industry as art.

Former industry as public space.

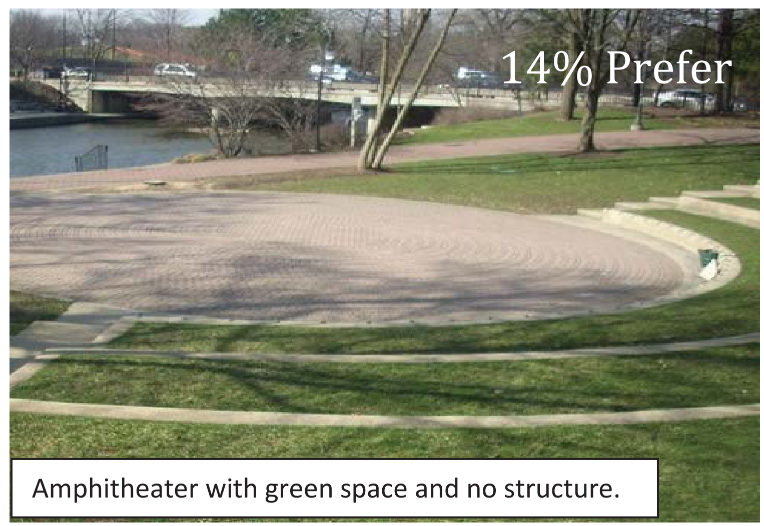
Former industry as museum/art venue.

What does DAYTON need to have a vibrant DOWNTOWN?
PLAY: CIVIC AND PUBLIC SPACES

Amphitheater with structure and stage.

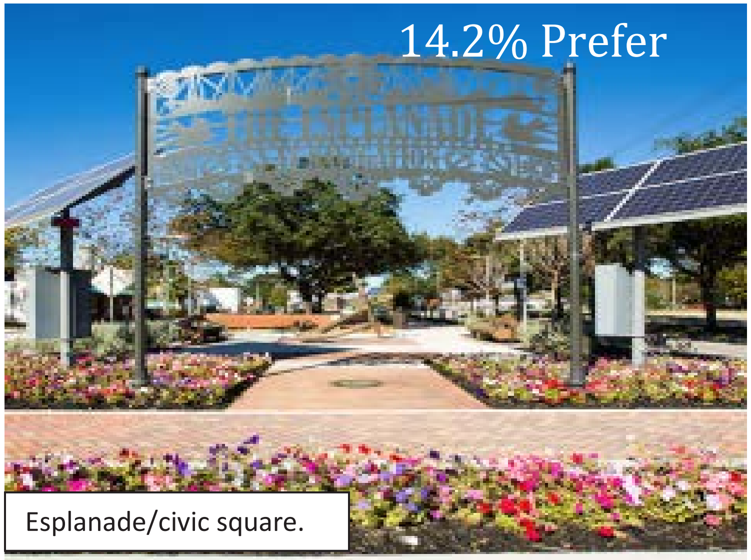
Amphitheater with archway.

Amphitheater with structure and splashpad.



Amphitheater with green space and no structure.

What does DAYTON need to have a vibrant DOWNTOWN?
PLAY: CIVIC AND PUBLIC SPACES



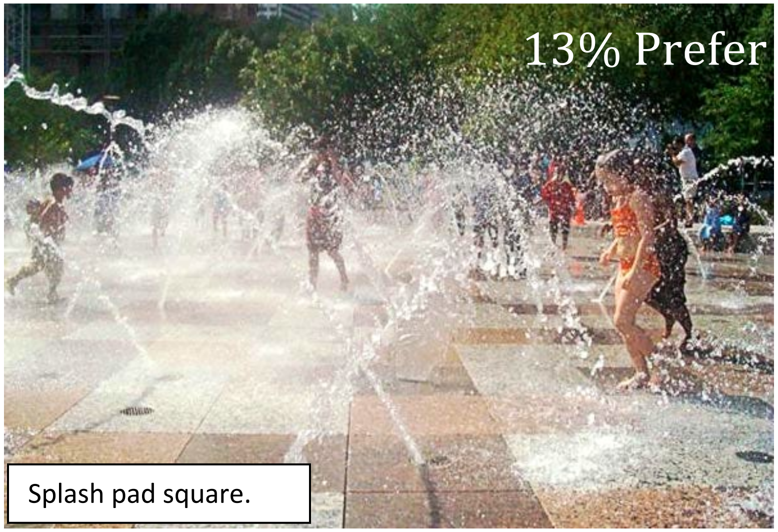
Esplanade/civic square.

Multi-purpose farmers market/food truck pavilion.

Food truck park – basic furniture and utilities.

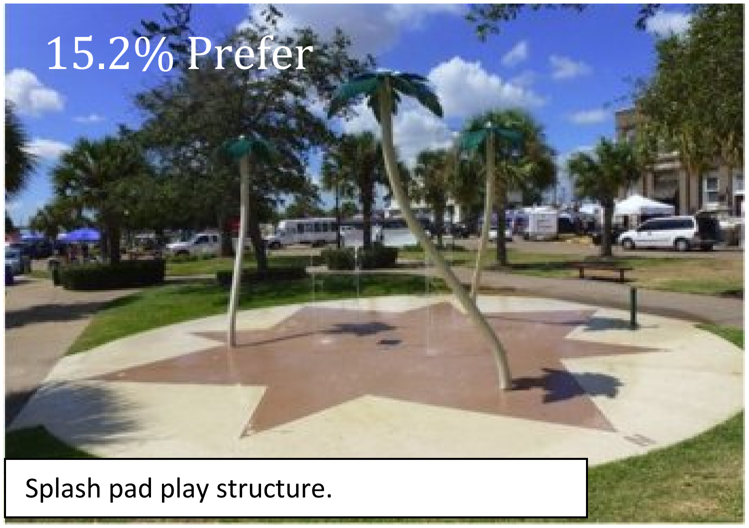
Farmers market pavilion.

What does DAYTON need to have a vibrant DOWNTOWN?
PLAY: CIVIC AND PUBLIC SPACES



Splash pad square.

Splash pad fountain/art.



Splash pad play structure.

Splash pad park.

What does DAYTON need to have a vibrant DOWNTOWN?
STREETSCAPE

28% Prefer

Streetscape amenities: benches, lighting.

8.7% Prefer

Public art/downtown branding.

19.2% Prefer

Awnings, plants.

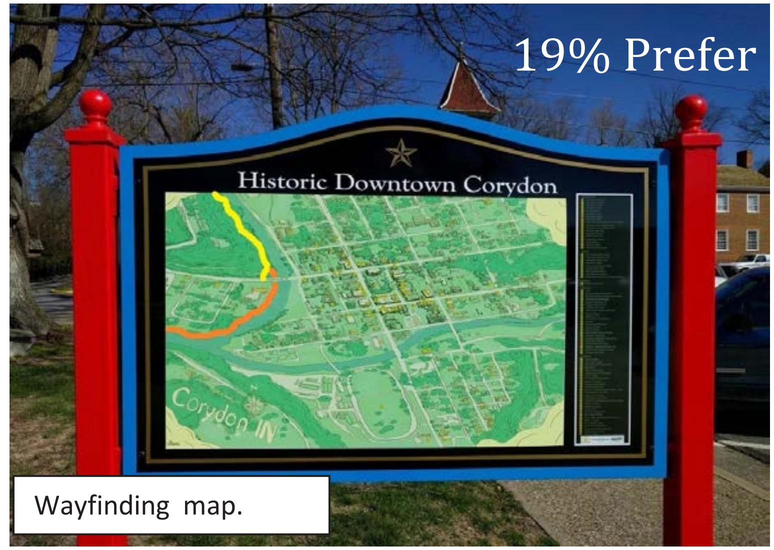
43.8% Prefer

Walkable environment: sidewalks, curbs, lighting, street trees.

What does DAYTON need to have a vibrant DOWNTOWN?
STREETSCAPE

57.1% Prefer

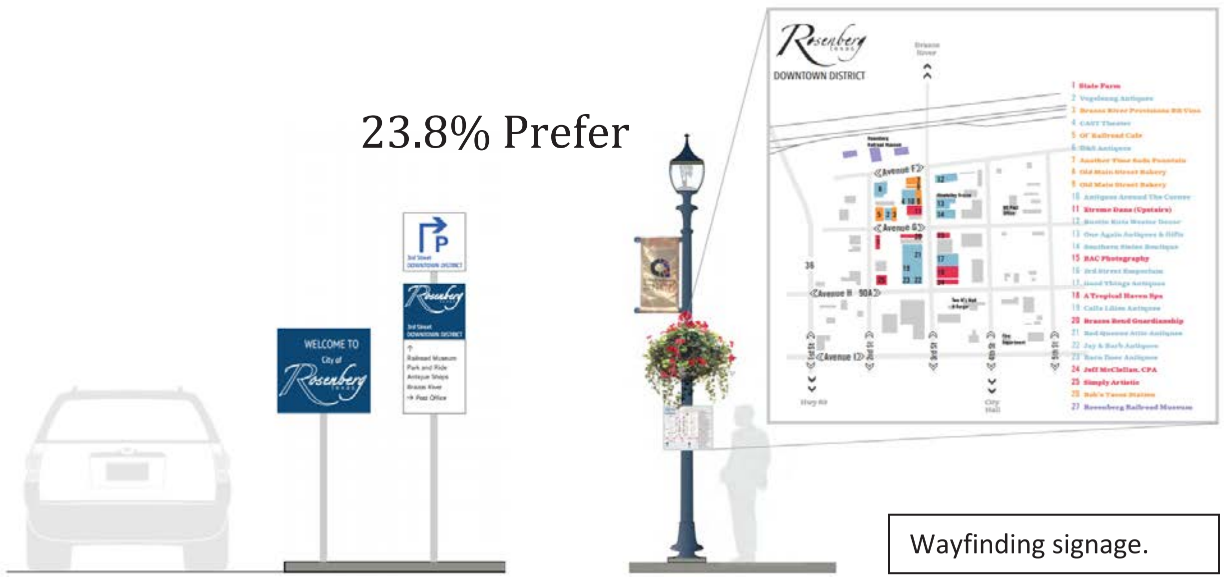
Wayfinding map with history column.



19% Prefer

Wayfinding map.

23.8% Prefer



Wayfinding signage.

What does DAYTON need to have a vibrant DOWNTOWN?
STREETSCAPE

Gateway signage.

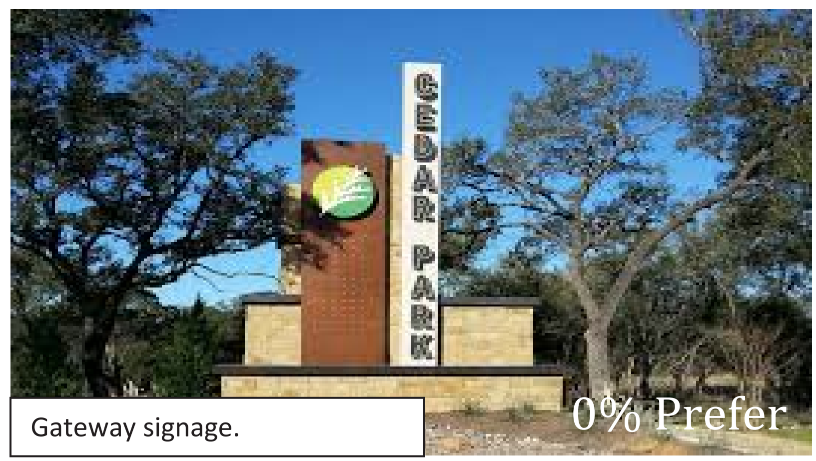
62% Prefer

Gateway signage.

24.1% Prefer

Downtown gateway signage.

10% Prefer



Gateway signage.

0% Prefer