

# City of Dallas Downtown Retail Program



**Economic Development Committee Briefing**

**February 19, 2008**

Presented by  
Office of Economic Development  
Downtown Initiatives



Office of Economic Development  
[www.Dallas-ECODEV.org](http://www.Dallas-ECODEV.org)



# Briefing Objectives



- Provide an overview of the City's past initiatives implemented to spur Downtown retail development: The Main Street District Initiative Loan and Grant Program
- Share outcomes and lessons learned
- Discuss small business/local entrepreneur component of proposed Downtown Retail Strategy and receive Council input and guidance

# Main Street District Initiative Loan and Grant Program Overview

- City Council authorized the establishment of the Main Street District Initiative Loan and Grant Program on October 13, 2003 which included (1) the **Main Street District Retail Recruitment Initiative** and (2) the Main Street District Retail Support Parking Initiative.
- Primary objectives of the program were to promote economic development and to stimulate business and commercial activity in the downtown core.
- The focus of today's briefing is on the experience and outcomes of the **Retail Recruitment Initiative** and how the City can build upon lessons learned.

# Main Street District Retail Recruitment Initiative Program Components

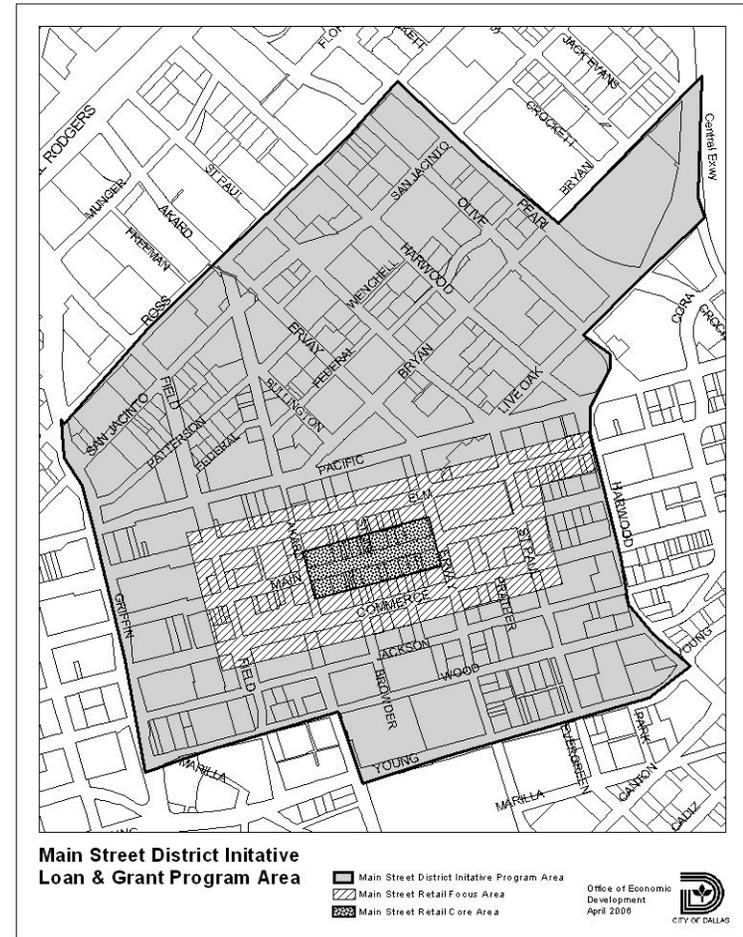
- **Main Street District Retail Recruitment Initiative included two program components:**
  - **Retail Recruitment Incentives**
    - Rent Subsidies – Used as “gap” in landlord & tenant contributions.
    - Tenant Improvements – One time grant for public area of retail space
  - **Marketing, Leasing and Promotions**
    - **DOWNTOWN**Dallas organization

# Main Street District Retail Recruitment Initiative

- **Eligible businesses included:**
  - Retail or service business that provide a public benefit to the neighborhood;
  - For profit, sales tax paying businesses;
  - New complementary retailers within the Main Street District Initiative Program Area;
  - Restaurants located on Stone Street Gardens, Pegasus Plaza or Main Street with specific provisions;
  - Retail facades where no retailer has been identified that would otherwise qualify for the initiative.

# Main Street District Retail Recruitment Initiative

- **Eligibility Requirements Included:**
  - Applicant may own real estate, in which the business is located or have a fully executed lease, term not less than five years.
  - Located within the defined Main Street District Retail Core.



# Program Goals & Accomplishments

- **Phase I:**

**Goal:** Attract 40,000 – 60,000 Sq.Ft. of unique retail

**Accomplishment:** Over 40,000 Sq.Ft. added to the Main Street Core Area. However, two of the seven grantees have closed.

- **Phase II:**

**Goal:** Attract 18,000 Sq. Ft. of new retail both indigenous and national tenants

**Accomplishment:** 25,142 Sq. Ft. added and retained within the Main Street District Area.

## Phase I: Retail Recruitment Initiative

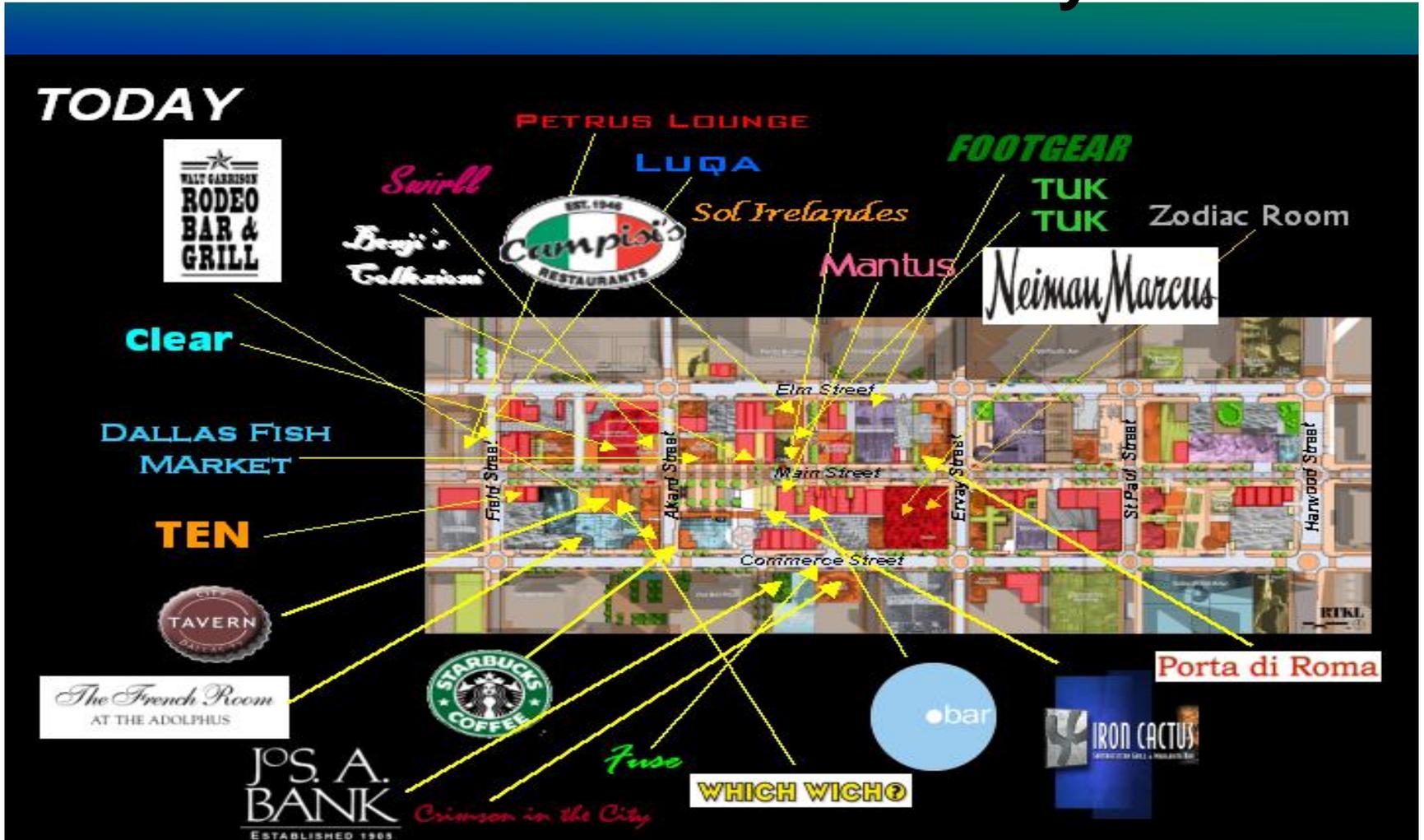
Retailer	Funding	SF/ Type of Business	Status
Kul Design Studio	\$400,000	9,706 Interior Design	Business closed Jan 2007; <b>\$25,000</b> of grant amount not dispersed
Swirl	\$301,875	5,193 Winery	Subsidy ended 06/07
Crimson in the City	\$202,556	2,500 Apparel	Subsidy ended 07/07
Footgear	\$136,000	3,000 Shoes	Subsidy ended 10/07
Benji's	\$164,016	2,006 Apparel	Subsidy ended 10/07
Third Rail Lofts 1407 Main St.	\$725,000	20,000 Various	\$350,000 for retail façade improvements of 1407 Main; <b>\$375,000</b> was not dispersed due to lack of eligibility
Main Contemporary Gallery	\$291,288	5,300 Art Gallery	Funds to be reallocated - <b>\$291,288</b> ; Grant agreement in default – Business did not open
Marketing/Leasing Partner	\$279,265	Downtown Partnership	Contract expired December 31, 2007 Downtown Partnership now DBA <b>DowntownDallas</b>
<b>Total</b>	\$2,500,000	47,705 SF	Funds remaining to be redirected: <b>\$691,288</b>

## Phase II: Retail Recruitment Initiative

Retailer	Funding	SF/ Type of Business	Status
Jos. A. Banks	\$281,480	5,142sf Men's Apparel	Business up and running
Urban Market Retention	\$100,000	20,000 sf Grocery	Business in operation. Streamlined over last year and financial losses have decreased
Marketing/Leasing Partner	\$30,100	<b>Downtown</b> Dallas	Contract expired December 31, 2007
<b>Sub-Total</b>	\$411,580	25,142 SF	
<b>Unallocated</b>	\$288,420		Funds remaining to be redirected <b><u>\$288,420</u></b>

- The program ended as of December 31, 2007.
- Existing agreements will be managed through a new Downtown Retail Program.
- The balance of **\$979,708** remaining from the two phases is eligible to be redirected toward a new downtown retail program.

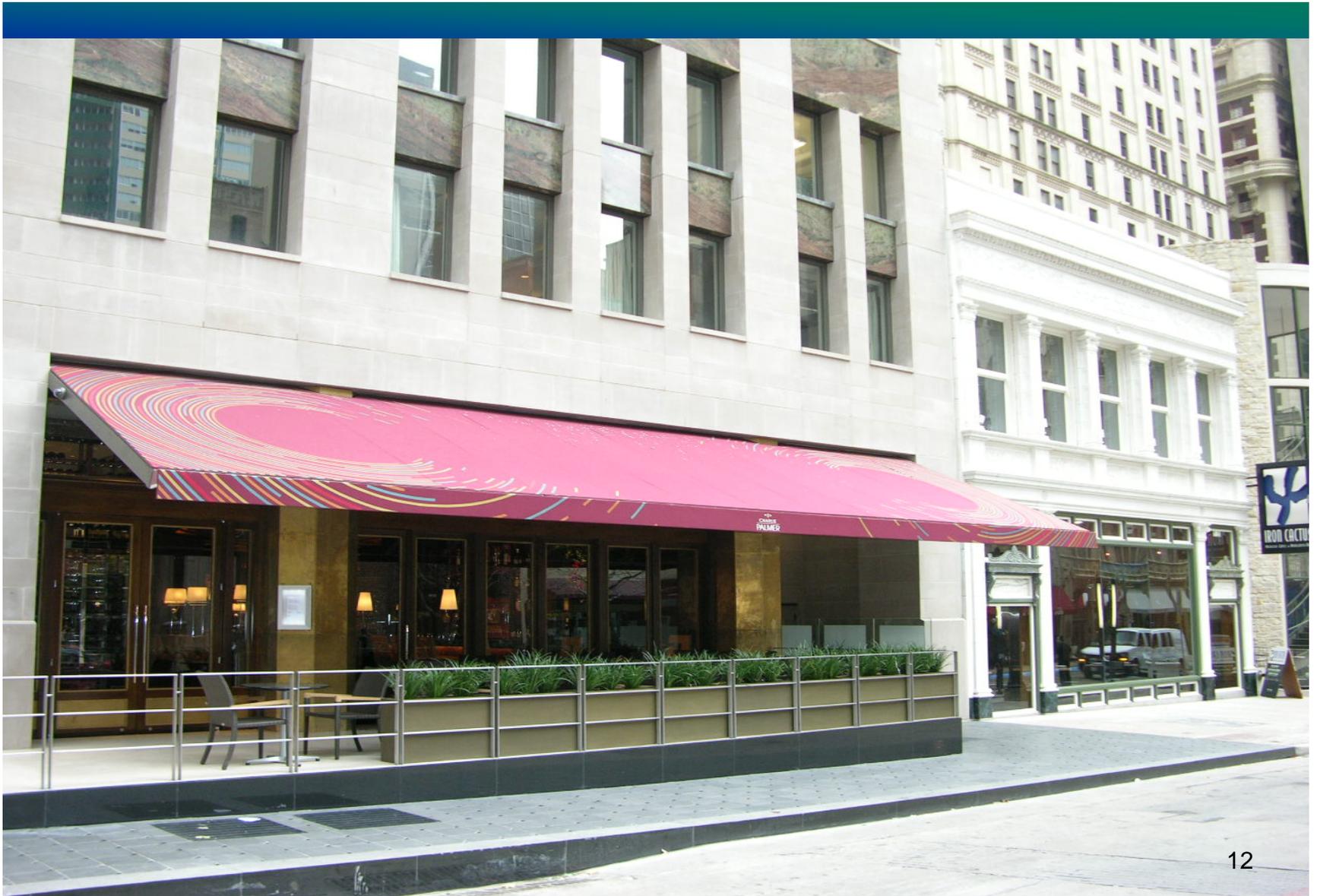
# Main Street District Retail Today



# Main Street District Pedestrian Perspective



# Main Street District Pedestrian Perspective



# Main Street District Pedestrian Perspective



# Lessons Learned



- Retail needs a critical mass of residents and vice versa
- Negative perceptions related to public safety and parking adequacy are impediments to shoppers and businesses
- Downtown retail is composed principally of small entrepreneurs
- Incentives help small business enter the market place, but they need a strong residential market to survive
- National chains won't commit until local entrepreneurs establish legitimacy of the area
- Successful retail recruitment requires a juggling act between improving the physical environment, stimulating small business and attracting national retailers

# Retail and the Revitalization Momentum

- Momentum is evident, but retail is needed to create the vital physical linkage between housing, office, cultural, recreational and public amenities.
- Restoring and nurturing a vibrant, diverse downtown shopping district is a major component of the redevelopment program needed to achieve revitalization goals.

# Proposed Downtown Retail Program

- The Downtown Retail Program must address:
  - Business development and sustainability needs of downtown retailers, a unique group of small businesses that represent the entrepreneurial nature of the downtown retail environment.
  - Recruitment, marketing and promotion of downtown as a prime location for national retailers.

# Proposed Downtown Retail Program

- Program Objectives:
  - Increase job opportunities
  - Encourage a more diverse mixture of retail uses within Downtown Dallas
  - Support and attract neighborhood retail and service businesses
  - Encourage business ownership and entrepreneurship
  - Generate economic development through increased sales tax revenue
  - Strengthen the market through community development
  - Stimulate downtown retail and increase foot traffic
  - Provide technical assistance and mentorship opportunities for small and micro-enterprises

# Proposed Downtown Retail Program Has Two Components



## **Small Business**

- Downtown Retail Resource Center**
- Merchandising Internship Program
  - Downtown Retail Incubator
  - Vendor Cart Micro-Business Program
  - Retail Business Workshops & Seminars
  - Urban Agribusiness Assistance-Farmer's Market
  - Downtown Retail Recruitment/Site Selection Assistance
  - Downtown Retail Marketing
  - Administration of Grandfathered Agreements with Main Street District Initiative Loan and Grant Program

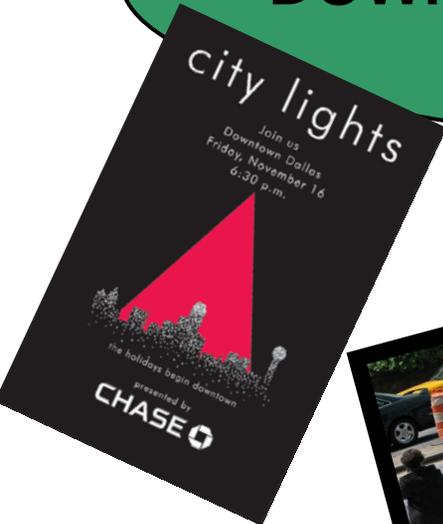
## **National Retail Recruitment**

- Downtown Retail Growth Fund**
- Catalyst Retail Projects
- This component will be briefed to City Council separately. Funding for this component is anticipated from DDDA Bond proceeds and private stakeholder matches.

# Major Elements Of Proposed Downtown Retail Resource Center



## DOWNTOWN RETAIL RESOURCE CENTER



# Merchandising Internship Program

- Partnership between DCCC, DISD & COD
- The Retail Merchandising Internship Program will provide City of Dallas high school and/or community college students with a hands-on, supervised experience in sales, promotions, merchandising, human resources, operations and other aspects of retailing.
- Participating students will receive a stipend and certificate of completion at the conclusion of the internship experience.
- Participating retailers will have the opportunity to make a significant contribution to the local, community workforce through providing job training and mentoring opportunities to City residents. Additionally, retailers will benefit from having interns as part-time workers during the course of the internship.

# Downtown Retail Incubator

- The retail incubator provides an opportunity for small qualified new retail businesses to gain experience in the marketplace and establish themselves through management guidance, technical assistance, business consulting and availability of retail space.
- Establish a physical store front that will operate as a resource center for all program components.
- Use rented or donated public/private sector space for the efforts of retail business incubation and marketing efforts.
- Promote as a One-Stop-Shop. To be staffed by City of Dallas and marketing partners.

# Vendor Cart Micro-Business Program

- Vending can add vitality to streets, contribute to an area's security, and provide an additional source of revenue for the City.
- As a micro-enterprise business initiative, the vendor cart program presents an alternative way for City residents' to enter the retail business.
- Program activity components include, but are not limited to, the following:
  - Identification and mapping of appropriate downtown locations for vending carts
  - Provide a centralized resource to assist vendors in obtaining permits and licensing
  - Development of a maintenance and management plan
  - Administer vendor cart rentals to qualified individuals

# Retail Business Workshops & Seminars

- Workshops and seminars will be developed and provided to help the small business retailers grow and succeed.
- The Downtown Retail Resource Center will serve as an information source of best practices to assist the retailer in developing strategies and solutions to address management and operational requirements of their growing business.
- Business development training may be a condition for participation in other offerings of the Downtown Retail Program.

# Urban Agribusiness Assistance/ Farmer's Market



- Through the Downtown Retail Resource Center, technical assistance in the areas of City permitting and licensing will be provided to qualified agricultural businesses located, or desiring to locate, in the Dallas Farmers' Market.

# Downtown Retail Recruitment/ Site Selection Assistance

- An economic research firm with a Downtown niche will be hired to revamp our retail recruitment strategy that will be based on local market analyses, consumer demand and lessons learned in working with similar challenges in other U.S. cities. The selected firm will be a strategic compliment to the City's Downtown Marketing Partner.
- Recruitment strategies will be implemented to encourage the attraction of compatible and complementary retail businesses to the CBD.
- The selected firm will develop and initiate an implementation strategy within 6 months of assignment.
- The implementation strategy includes the training and placement of a designated Retail Recruiter for the downtown to be assigned to and supervised by the City's Downtown Marketing Partner.
- The Retail Recruiter will identify and prospect potential retailers and provide site selection assistance to prospective downtown retail tenants. This has been a successful approach used in Austin, TX, Minneapolis, MN and Memphis, TN.

# Downtown Retail Marketing

- Marketing of the downtown as a retail destination will continue to be a major activity under the proposed Downtown Retail Program.
- Our previous Marketing Partner was DOWNTOWNDallas.
- The Marketing Partner to be selected will be responsible for creating an effective marketing campaign to brand downtown shopping districts and to showcase the downtown as a major shopping destination.
- The Marketing Partner will also develop marketing materials for distribution and implement a wide range of promotional events throughout the calendar year.

# Administration of Grandfathered Agreements

- On December 31, 2007 the Main Street District Initiative Loan and Grant Program - Phase I & Phase II ended.
- All established grant agreements and applications received prior to the closure of the program will be grandfathered and managed.

# Next Steps



- Obtain ED Committee feedback and guidance.
- Develop specific guidelines and policies necessary for the implementation of the Downtown Resource Center based on feedback from today's briefing.
- Gain Council approval for the Downtown Resource Center Program in April.