

Attracting New Food and Drink Experiences

CRA Work Session
October 1, 2018



Agenda

- CRA 18-month strategy
- What is missing in downtown food and drink experiences
- What we heard
- Legal considerations for program design
- Proposed program design

Relationship to CRA 18-Month Strategy

Actions

- Increase positive stories/experience
- Increase private investment
- Attract new housing

Perception

- Welcoming to new business
- Partner with property owners and investors
- Focused and understandable approach
- Vibrant/Lively downtown

GAP: Places That Are Open on Nights/Weekends

Goal: Vibrant Downtown	Food and Drink are Successful Attractors	What's Missing?
<ul style="list-style-type: none">• Walkability• Something to walk to	<ul style="list-style-type: none">• Destination Restaurant OR Restaurant Destination?	<ul style="list-style-type: none">• Of the 31 food and drink establishments, only 13 are open nights/weekends for dinner

Happy Hour and weekend destination dining patrons are underserved the downtown market

Actions To Date

July:

- Introduced new grant program

August:

- Asked for feedback and input

September:

- Held three focus groups and an online survey
- Focus groups included current tenants, prospective tenants and property owners

- Focus groups were facilitated by Tom Kennedy, commercial real estate
- Clearwater Regional Chamber of Commerce was present at the focus groups
- City Attorney's office was present at the focus groups

Highlights from Market Research

In comparison to St. Petersburg and Tampa downtowns:

- Lower rent amounts
- Similar vacancy levels
- Less population within one mile
- Similar population within five miles

Key Takeaways:

- Enough people within five miles to support new restaurants
- Important to increase the population downtown to provide long-term sustainability for restaurants and decrease perception of risk

Focus Group: Why Establish a Business in Clearwater?

- Business owner lives in Clearwater
- Low overhead costs to start up
- Landlord facilitated with low/free rent
- Excited about Imagine Clearwater (but don't know if it will happen)
- Beautiful streetscape
- Downtown is changing for the better

Focus Group: Biggest Barriers?

- Lack of foot traffic and 24/7 residents
- Lack of marketing for downtown
- Permitting process is unpredictable
- Too expensive to take a risk and low trust in the city to complete projects
- A grant only helps in year one, what about year two through five?
- Property owner is unlikely to invest in their buildings unless they see a return on investment in two years or they have a proven tenant
- Many tenants want to buy their own building

Focus Group: What Should the CRA Do?

- Focus on marketing downtown and producing events
- Build more housing
- Build more cultural attractions, e.g. Bellagio Fountains
- Commit to Imagine Clearwater and other long-term plans
- Make permitting process clear and predictable

Focus Group: Thoughts on Grant Program Design

- Current tenants will not receive funding support from property owners
- About half of property owners are likely to participate in paying for improvements to their building
- Tenants would like a real estate database
- Building out a restaurant costs a minimum of \$300,000
- Use a contest approach where the first applicant receives the most money
- Define the program clearly and commit to a schedule to minimize confusion

CRA Food and Drink Program Goals

- Create a grant program that aligns with 18-month strategy and addresses the current gap in our food and drink market (\$1 million grant budget)
- Legally compliant with focus on building improvements
- Open a minimum of four new, eligible businesses within 18 months
- Provide a grant option for tenants that were left out of the Anchor Tenant program because they were NOT destination restaurants or breweries
- Identify property owners willing to invest in their properties in the next six months

Legal Perspective

Role of CRA

- Tie to downtown development plan
- Community problem vs. individual problem
- Transparent, repeatable process

Securing Public Dollars

- Reimbursement
- Unified Commercial Code
- Performance mortgage

Possible Grant Program: Tenants

Full Service Restaurant

- Under construction or received a Certificate of Occupancy in 2018 prior to October 31
- Eligible food/drink improvements
- No property owner involvement
- Submit receipts for improvements
- Will cover 35% of costs up to \$100,000
- Must provide some type of legal and financial performance guarantee

No Kitchen

- Under construction or received a Certificate of Occupancy in 2018 prior to October 31
- Eligible food/drink improvements
- No property owner involvement
- Submit receipts for improvements
- Can receive a reimbursement grant up to \$15,000 maximum

Proposed Grant Program: Owners

- Property owner pre-qualifies and sets total improvement budget for building to make it “restaurant ready”
- CRA sets a tentative grant approval that reduces property owner costs by 50%. Maximum grant remains \$250,000
- Property owner has 60 days to find an eligible tenant
- First-come, first-served to receive full grant amount
- Funding is on reimbursement basis for improvements
- Improvements only, not eligible for rent reduction

Proposed Timeline

Property Owners

- October: adoption of program
- November: education through workshops, pre-qualification
- December: preliminary grant amount approved
- January – February: owner finds tenants, grant review
- March: grants awarded

Tenants

- October: adoption of program
- November and December: submit grant requests
- January: grant review
- February: grants awarded

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