Community Initiated Development

The City Square Steakhouse, LLC

SoMar Wine Cellars, LLC

St. Paul Hotel, LLC
How it Happened

Community Assessment

- What sites are available?
- What’s downtown? What’s not?
- What kinds of projects would complement existing businesses?
- What kind of budget are we looking at?
- What is the downtown vision?
How it Happened

Key People

• Main Street Wooster: the “go-to” for reality checks

• Informal advisors – CPA, attorney, heads of municipal agencies, influential civic leaders, other business owners, local craftspeople
How it Happened

City Square Steakhouse

• Support from a well-respected restauranteur who became a partner

• Goal: establish a big-city flavor and create a venue for movers and shakers

• We have consistently exceeded initial sales projections

• Shares of stock have changed hands at nearly double the purchase price. Dividends paid to investors were 10%+ in 2011 and 2012
How it Happened

Wine Shop/ Wine Bar

• Only “grocery store” wine was available downtown

• Annual surveys showed people felt a wine cellar/wine bar was needed

• Main Street Wooster along with The College of Wooster played a key role in assessing community desires

• A vacant, run-down building was restored to its original architectural elegance
How it Happened

Boutique Hotel

• A belief there was a market for a trendy, boutique-style inn popular in bigger cities

• The site was walkable to numerous restaurants and offices

• 80% of hotel guests patronize nearby restaurants and bars, strengthening downtown businesses

• Purchased a vacant building as an investment and cleaned up an eyesore
How it Happened

Community Support

• “Pre-selling” projects to the community proved helpful
  • The City
  • County Commissioners
  • Design Review Board
  • Chamber of Commerce
  • Rotary Club
  • Kiwanis
  • Lions Club
  • The College of Wooster Alumni
  • The Media

• Non-predatory projects were welcomed by existing businesses
How to Finance

Professional Advisors

• Individuals considered to be the professional bricks and mortar of each development

• Architects, attorneys, CPAs, engineers, photographers and copywriters

• Professional advisors served as a first line of execution – and as a first line of defense if problems arose
How to Finance
Offering Memorandum

• Convey the vision: architectural renderings, an engaging project description, realistic financials

• This detailed, written blueprint was important to gaining the support of community leaders and selling the project to investors

• The prevailing wisdom: include vision, the project’s place in the community, look and feel, target clientele, market data, up-front expenses, and detailed financial projections
How to Finance
Private Investors

• The Offering Memorandum is critical in providing potential investors with a strong degree of comfort – who you are, why they should trust you, why this investment makes sense

• Did homework on potential investors: Community interests? Friends of existing investors? Is it just about money? Group dynamics

• Beneficial to update investors regularly, especially during the early stages
How to Finance

Private Investors

• They have become more critical since the economy tanked in 2008 as a sole or partial source of funding

• Many times you can raise money faster working with private investors than through a bank

• Private investment doesn’t involve taxpayer dollars
Example #1
(Illustration)

Originators

Class A Units (voting control)

Class B Units (non-voting; distribution preference)

Private Investors

$$ and Sweat

NEW VENTURE, LLC

*Real estate owned separately
Example #2
(Illustration)

Originators and Private Investors

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Class A Units

NEW VENTURE, LLC

*Real estate owned by New Venture, LLC
The Benefits

Tax Abatement

• Wooster has a state-designated community investment area

• Focuses on physical deterioration or other declining aspects of a given geographic zone

• Assists in making your project financially feasible
The Benefits

People Employed

• Construction crews and other vendors during build-out

• Employees hired after completion of projects
The Benefits

Bed Tax

• In 2012 the St. Paul Hotel Wooster paid a total of $18,030.32 in bed taxes

• County bed tax paid was $9,015.16

• City bed tax paid was $9,015.16
Downtown Living

• For a developer, the ultimate payoff was seeing our project come to life

• Our hotel, restaurant, wine shop and loft apartments helped create a look and feel that became part of the community’s brand

• Brings more business downtown and generates more revenue

• Now more than 50 residential lofts in Wooster’s central business district, always nearly 100% occupied
Downtown Wooster is on a Roll

Since 1985:

• More than $145 million of public/private downtown reinvestment

• 165 interior/ exterior building renovations

• 145 net new businesses and 62 expansions of existing businesses