

Show Me How

Brownfields Redevelopment in Economically Distressed Areas

EPA RE-Development Academy

November 19, 2021



Agenda

Welcome and Introductions (5-min)

Redevelopment of Tough Sites (10-min)

Success Stories Introduction

Meriden Commons (25-min) / Q&A (5-min)

Northland Central (25-min) / Q&A (5-min)

Toledo Solar (25-min) / Q&A (5-min)

Questions

Wrap-Up



Today's Objectives

This webinar will focus on:

- Stories of successful brownfield redevelopments in economically distressed areas
- How environmental risk and other liabilities can be extinguished or controlled through the redevelopment process
- Possible solutions and approaches to the common challenges experienced at brownfields sites
- How to attract developers and the tools needed



Webinar Instructors



Michael Taylor, President of Vita Nuova LLC, a national consultancy, leads the repositioning and disposition of complex sites including former nuclear sites, refineries, chemical facilities and sites with significant stigma due to off-site contamination or other issues. He regularly leads the practice in revitalizing distressed communities and environmental justice areas.



Elaine Richardson has 30 years of experience in senior positions in firms servicing the real estate and environmental industries. She has an extensive background in real estate market analysis and property marketing, as well as managing tough issues with stakeholders—public, press, government, and industry. She has have contributed to over four dozen reuse assessments and redevelopment planning processes on properties across the country.



Redevelopment of Tough Sites

How to be Redevelopment Ready



Repositioning Brownfield Sites for Success



Understand needs



Community Needs and Concerns

Project Goals
Site Inventory
Community Engagement
Community Needs/Concerns

Collect Information



Reuse Assessment

Environmental Impact
Land Use/Infrastructure
Market Study
Opportunities and Constraints

Evaluate Information



Reuse Plan

Reuse Vision
Risks and Liabilities
Viability and Feasibility
Disposition Strategy

Define Path Forward



Reuse Implementation Strategy

Risk Management
Investment Package
Site Investigation and Cleanup
Property Disposition

Make it Happen



Reuse Implementation

Leverage Resources
Support/Facilitate Reuse
Operation/Management

Source: Revitalization-Ready Guide



Due Diligence Process

Due Diligence is the process of identifying attributes and characteristics of the property.

- Environmental Due Diligence – Assessing the environmental condition and regulatory issues affecting the use of the property.
 - Conducted to meet the requirements for all appropriate inquiries
- Real Estate Due Diligence – Identifying available infrastructure, accessibility, easements, zoning and other characteristics to support reuse of the property.
 - Conducted to identify attributes and characteristics about a property that affect the ability to transfer or reuse a property



Constraints on Redevelopment

Two main types of constraints:

- Constraints that present risks to the developer and/or the deal
- Constraints that limit market opportunities

Removing constraints can potentially:

- Ensure a deal can be finalized in a timely manner
- Expand redevelopment options
- Attract additional developers
- Increase property value

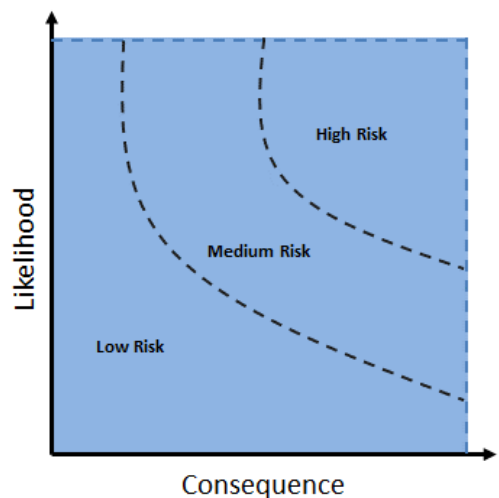


Removing constraints helps to reposition a site so it is ready for redevelopment and attractive to the real estate market

Risks and Liabilities

Generally associated with the project constraints

Responsibilities that a local government or another entity may become legally obligated or accountable for



Environmental Liability

No responsible party identified
Soil/Groundwater impacts
Asbestos in buildings



Financial Liability

Soil/Groundwater Remedial Action
Building demolition
Asbestos removal
Old foundation removal
Market risk



Community Issues

Safety/health hazards
Neighborhood opposition to market-viable future uses

Managing Risks and Liabilities

Understand and Quantify Risk

- Property

Control Risk

- Property
- State/Federal Statutory Protection
- Transactional

Transfer Risk

- Transactional
- Insurance

Environmental Liability

- Integrate remedy with development
- Parking area pavement cap over groundwater impacted area
- Groundwater monitored natural attenuation
- Soil hot spot removal
- Asbestos removal in buildings

Financial Liability

- Liability Transfer
 - Environmental Remedial Action
 - Old foundation removal
- Retain liability
 - Environmental Remedial Action
 - Building demolition
 - Asbestos removal

Community Issues

- Demolition of buildings
- Reuse/Refurbishment of buildings
- Future uses

Financial Analysis and Project Economics

Understanding project economics from the perspective of a developer-investor is crucial to understanding what it takes for a project to be viable

- Pro forma
 - Financial analysis used to project financial returns for a particular project
 - Used to evaluate potential return on investment and overall viability of the project
 - Various return metrics may be used, and the financial model can range from fairly simple to very complex

Financial Analysis

Fill the Gap

- Identify potential sources of funding that can be used to offset an expenditure
 - Tax incentives
 - Grants and other sources of funding available to the community
 - EPA Brownfields grants for assessment, cleanup
 - Revolving loan fund
 - State Brownfield matching grants
 - HUD Community Development Block Grant (CDBG) Funds



Attracting Developers/Buyers in Different Markets

1st tier real estate market (NYC, Seattle, Los Angeles)

- Areas with active markets – all classes (ind, res, comm)
- Requires little if any public funding to make the numbers work, unless sites are heavily contaminated or there are other encumbrances. Gateway cities, around ports, major metro areas.

2nd tier real estate market (Buffalo, Cleveland, Indianapolis)

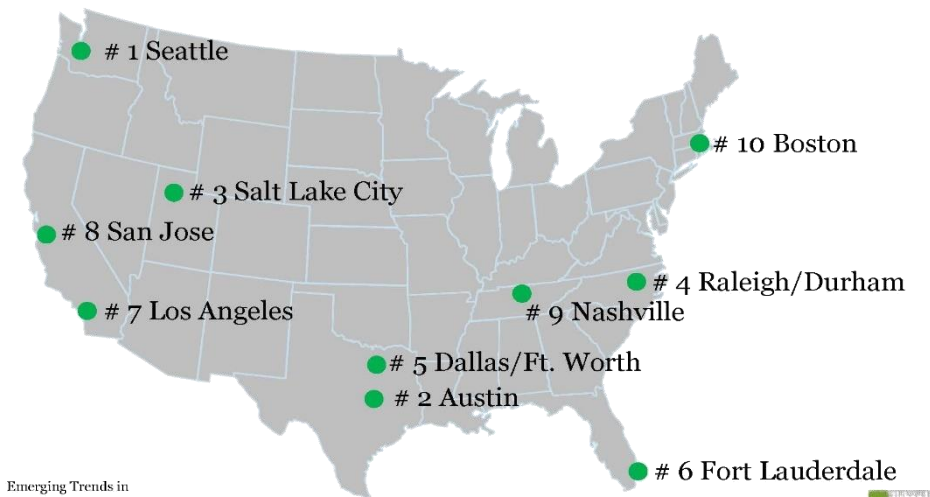
- Areas with active real estate market mostly focused on residential and downtown.
- Public/Private partnerships required for redevelopment. Many times, build to suit.

3rd tier real estate market (Gary, IN; Pocatello, ID; Meriden, CT)

- No significant development
- Some public investments/almost always build-to-suit.

4th tier real estate market

- Rural



 Emerging Trends in Real Estate 2018

 31



Attracting End Users

What can communities do?

- Make information publicly available
 - State and regional websites
 - Regional property databases are extremely helpful
 - Information must be clear and easy to find
 - Existing markets, industries, type of operations, economic clusters
 - Labor pool, training programs, higher education
 - Quality of life, housing, communities, schools
 - Create an Investment Package
- Prepare the Sites
 - “Shovel Ready” sites have fewer risks
 - Saves substantial time



Promote Your Redevelopment Potential

Create a “package” to guide investment toward your community’s strengths and priorities and bring the community together around a specific vision

Start with your stakeholders and your community:

- Help to become ambassadors
- Familiarize them with the package and coach them on how to use it
- Develop and share elevator pitch/consistent message
- Keep everyone up to date and celebrate milestones

Develop and implement an outreach plan to investors:

- Create a website featuring available properties
- Direct mail a copy of the investment package to prioritized potential investors
- Make cold calls, send emails, and use follow-up requests to meet in-person
- Invite potential developers and investors to available properties
- Host an investor’s roundtable in your downtown
- Present the investment package at public and private events

Different Models for Tough Sites

- Communities use different types of models to:
 - Overcome constraints
 - Raise/attract funding
 - Attract developers/end users
- Four different communities – different approaches
 - Private development on Redevelopment Ready sites
 - “Corridor” approach to promoting multiple properties
 - Non-profit takes the lead in removing barriers to redevelopment



Meriden
Commons

Brownfields Redevelopment Case Studies

Torrington
Riverfront



Case Study Leader



Charlie Adams As Regional Vice President, Charlie Adams is responsible for the execution and continued growth of Pennrose’s development pipeline, including all aspects of the real estate development process—from initial conception through construction, to lease-up and stabilized occupancy or sale—within the New England area. Charlie received his Bachelor of Arts degree from the Princeton School of Public and International Affairs at Princeton University. He also attended the Massachusetts Institute of Technology, where he earned a Master of Science in Real Estate Development from the Center for Real Estate and a Master of City Planning from the Urban Studies program.



Brownfields Redevelopment Case Study: Meriden Commons

November 19, 2021

Who we are

BRICKS & MORTAR

PENNROSE

HEART & SOUL

- National multifamily real estate developer, owner, and manager.
- Specialists in multi-family, mixed-use developments.
- Experienced in navigating complex financing structures for brownfield redevelopment, historic rehabilitations, and mixed-income projects.
- Affiliated property manager, Pennrose Management Company (“PMC”)
 - Employs 387 trained professionals
 - Manages the vast majority of the Pennrose portfolio



Village at Park River, Hartford, CT



Wareham, MA

22
States &
Territories



William Barton Rogers School, Boston, MA

46
Historic
Rehabilitation
Projects

17,200
Total Units
Developed



Riverfront, Torrington, CT



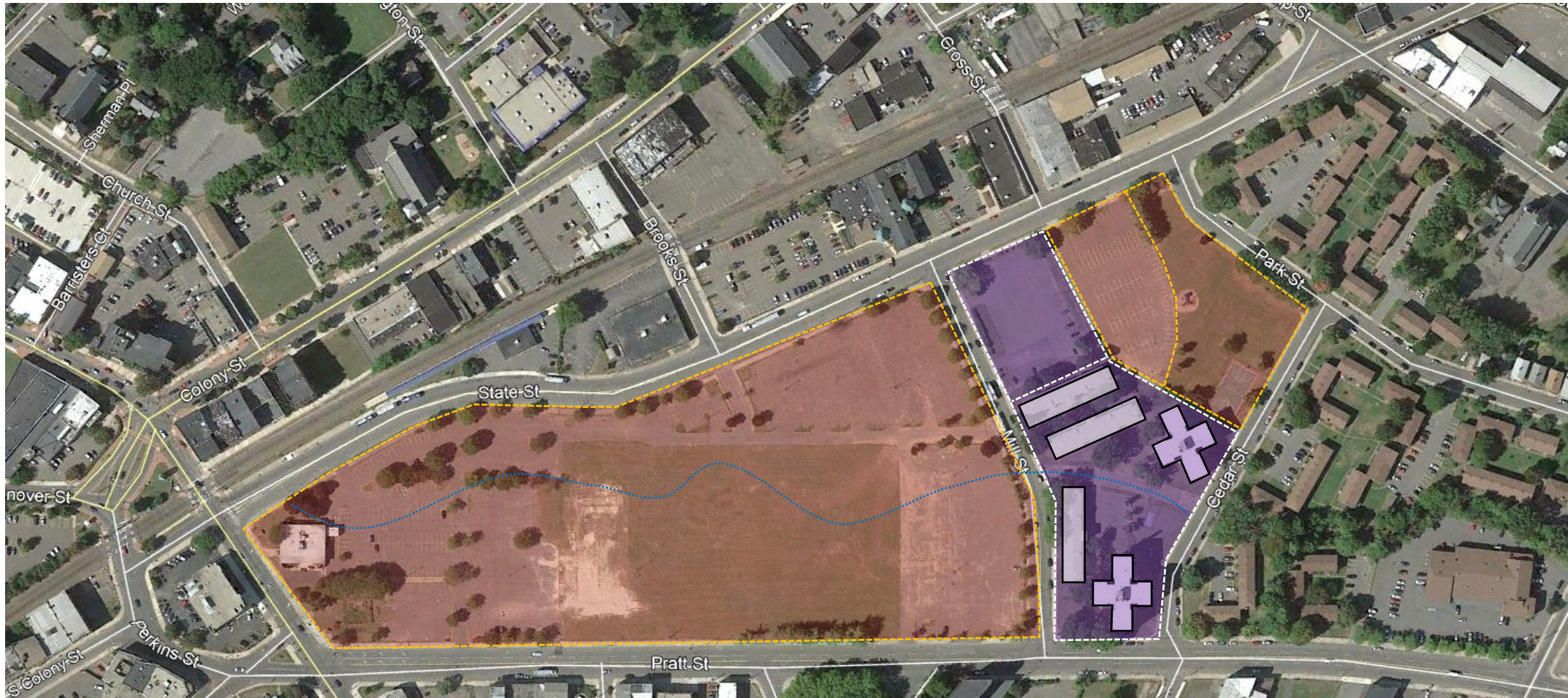
CASE STUDY: MERIDEN COMMONS

Quick Overview

- 151 rental units (Two Phases)
- 80% Affordable/20% Market Rate
- Approx. 7,000 SF of ground floor retail
- Building Typology: 2 mid-rise buildings, 2 townhouse-style buildings
- Total Development Costs: Approximately \$50M

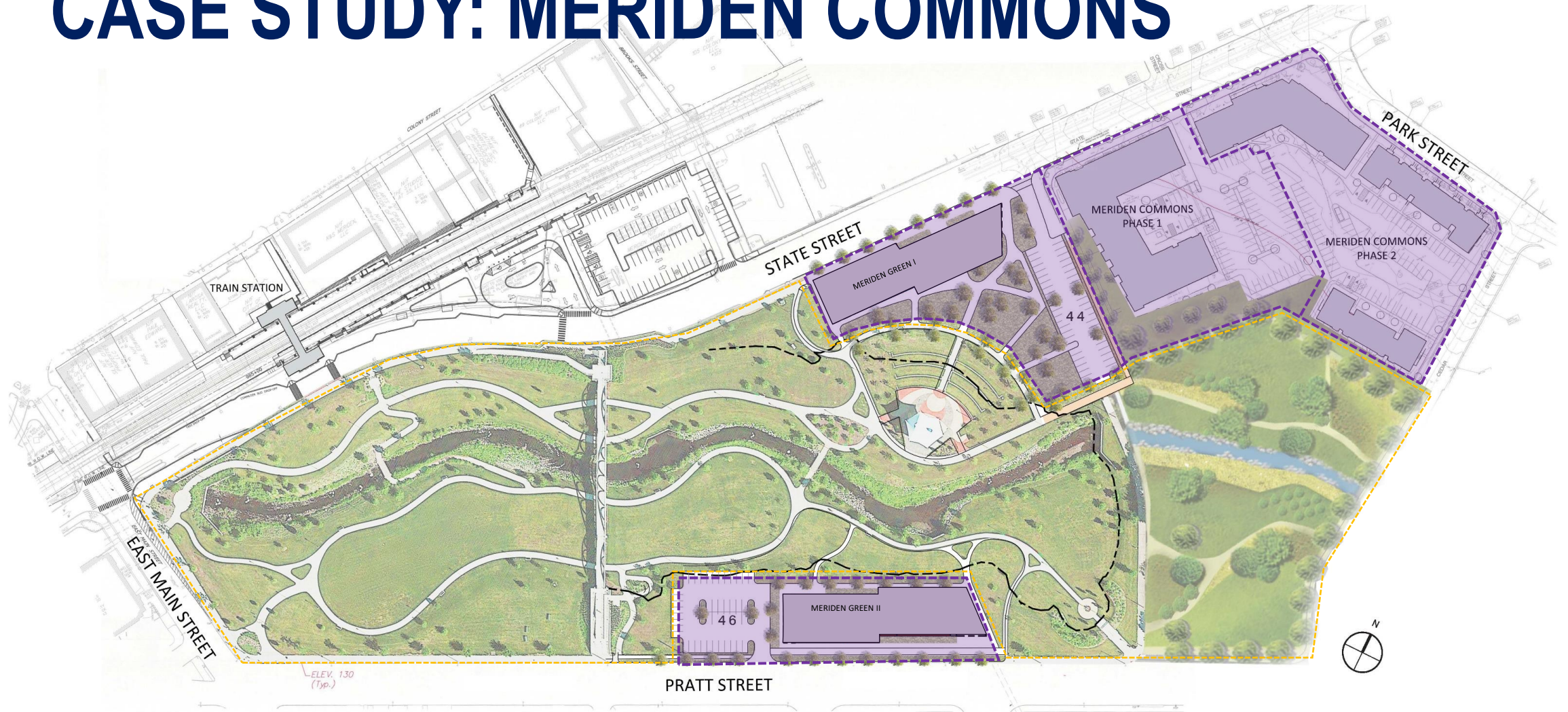


CASE STUDY: MERIDEN COMMONS



Before: Culverted Harbor Brook, split ownership parcels between the City and PHA

CASE STUDY: MERIDEN COMMONS



After: Exposed Harbor Brook with park, consolidated site ownership between the City and Housing Authority





Mills demolition and
abatement

Meriden Green

Meriden Commons
Phase 2 development

Meriden Commons
Phase 1 development

177 State St cleanup

CASE STUDY: MERIDEN COMMONS



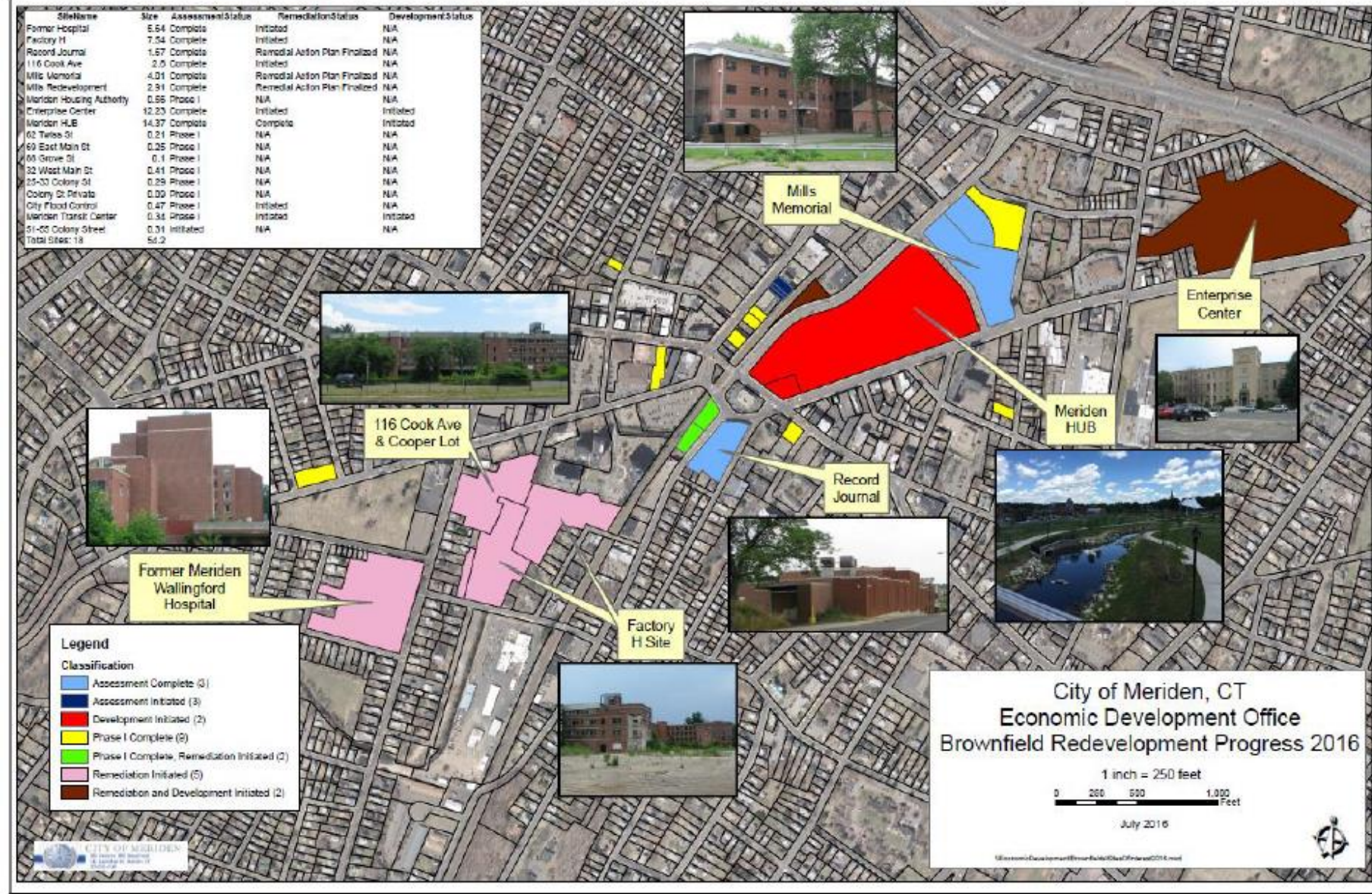
Before: Super block with Meriden Mills low and high-rise public housing apartments



After: Public housing stock fully replaced with mixed-use, mixed-income mid-rise and townhouse buildings with adjacent park land

CASE STUDY: MERIDEN COMMONS

Goal: Repurpose/reuse 54 acres of brownfields in downtown Meriden CT



CASE STUDY: MERIDEN COMMONS

	US Census 1701-1703, 1708-1710, 1714
Population	12,677
Unemployment	20.7%
Poverty Rate	33.8 %
Percent Minority	69%
Median HH Income	\$27,638
Moved in last 5 yrs	48%
Owns home	23%
Tax exempt properties	26%
Residential land	42%
Commercial	30%



10+ years of assessing brownfield sites

ID	Address	SiteName	Owner	Size	Classification	Phase_I	Phase_II	Phase_III	HBMA	ECAF
1	1 King Place	Former Meriden Wallingford Hospital	City of Meriden	5.64	Remediation Initiated	Complete	Complete	Complete	Complete	N/A
2	104 Butler Street	Factory H Site	City of Meriden	3.75	Remediation Initiated	N/A	N/A	N/A	N/A	Complete
3	11 Crown Street	Record Journal	City of Meriden	1.67	Assessment Complete	Complete	Complete	Complete	Complete	N/A
4	116 Cook & 85 Cooper	116 Cook Ave & Cooper Lot	City of Meriden		Remediation Initiated	Complete	Complete	Complete	Complete	N/A
4	116 Cook Avenue	116 Cook Ave	City of Meriden	2.8	Remediation Initiated	Complete	Complete	Complete	Complete	N/A
5	144 Pratt Street	Mills Memorial	City of Meriden		Assessment Complete					
5	144 Mill Street	Mills Memorial	City of Meriden		Assessment Complete					
5	40 Ceder Street	Mills Memorial	City of Meriden		Assessment Complete					
5	32 & 34 Mill Street	Mills Memorial	City of Meriden		Assessment Complete					
5	40 & 42 Mill Street	Mills Memorial	City of Meriden		Assessment Complete					
5	52 & 58 Mill Street	Mills Memorial	City of Meriden		Assessment Complete					
5	161 State Street	Mills Memorial	City of Meriden	4.01	Assessment Complete	Complete	Complete	Complete	Complete	N/A
6	177 State Street	Mills Redevelopment	City of Meriden	1.31	Assessment Complete	Complete	Complete	Complete	N/A	N/A
7	62 Cedar Street	Mills Redevelopment	City of Meriden	1.6	Phase I Complete	Complete	N/A	N/A	N/A	N/A
8	249 Hanover Street	MHA	Meriden Housing Authority	0.56	Phase I Complete	Complete	N/A	N/A	N/A	N/A
9	290 Pratt Street	Enterprise Center	290 Pratt St LLC	12.23	Remediation and Development Initiated	N/A	N/A	N/A	N/A	N/A
10	30 & 50 East Main Street	Meriden HUB	City of Meriden		Development Initiated	Complete	Complete	Complete	Complete	N/A
10	50 East Main Street	Meriden HUB	City of Meriden		Development Initiated	Complete	Complete	Complete	Complete	N/A
10	77 State St & 50 East Main	Meriden HUB	City of Meriden		Development Initiated	Complete	Complete	Complete	Complete	Complete
10	77 State Street	Meriden HUB	City Of Meriden	14.37	Development Initiated	Complete	Complete	Complete	Complete	N/A
10	77 State/Cooper Street	HUB & Factory H	City of Meriden		Remediation Initiated	Complete	Complete	Complete	N/A	N/A
11	77 Cooper Street	Factory H Site	City of Meriden	3.46	Remediation Initiated	Complete	Complete	Complete	Complete	Complete
12	85 Cooper Street	Cooper Lot/Factory H	City of Meriden	0.33	Remediation Initiated	Complete	Complete	Complete	N/A	N/A
13	62 Twiss Street	City TOD	City of Meriden	0.21	Phase I Complete	Complete	N/A	N/A	N/A	N/A
14	69 East Main Street	City TOD	City of Meriden	0.25	Phase I Complete	Complete	N/A	N/A	N/A	N/A
15	88 Grove Street	City TOD	City of Meriden	0.1	Phase I Complete	Complete	N/A	N/A	N/A	N/A
16	32 West Main Street	City TOD	City of Meriden	0.41	Phase I Complete	Complete	N/A	N/A	N/A	N/A
17	25-33 Colony Street	City TOD	City of Meriden	0.29	Phase I Complete	Complete	N/A	N/A	N/A	N/A
17	9-11, 13-17, 25, 33 Colony St	Colony Street Private	Paul Edwards (9-11, 13-17) City Of Meriden (25, 33)	0.09	Phase I Complete	Complete	N/A	N/A	N/A	N/A
18	33 South Colony Street	City Flood Control	City of Meriden	0.38	Phase I Complete, Remediation Initiated	Complete	N/A	N/A	N/A	N/A
19	51-53 South Colony Street	City Flood Control	City of Meriden	0.09	Phase I Complete, Remediation Initiated	Complete	N/A	N/A	N/A	N/A
20	60 State Street	Meriden Transit Center	Connecticut DOT	0.34	Remediation & Development Initiated	Complete	N/A	N/A	N/A	N/A

CASE STUDY: MERIDEN COMMONS

Municipal Led Process

- 1. Use Planning to determine goals for site reuse planning:** EPA Community Wide, Plan of Conservation and Development, Brownfields Areawide Revitalization, TOD Plan
- 2. Evaluate site redevelopment constraints.** Does the proposed reuse conform with local land use and zoning? Meriden TOD Zoning- Hybrid form based code allowing maximum flexibility for adaptive reuse and new construction; administrative approval
- 3. Conduct due diligence prior to property acquisition:** Tax Foreclosure, Condemnation, Negotiated Purchase, Tax Lien Sale
- 4. Assess risks to site reuse through completion of Environmental Assessments and Building Evaluations (structural and presence of hazardous materials):** Phase I/II/III, USEPA Brownfield Assessment grant, DECD Brownfield Assessment Grant, TOD Pilot
- 5. Select Remediation/Abatement Strategy:** USEPA Cleanup Grant, DECD Brownfield Cleanup grant, HUD Section 108 CDBG Loan, DECD Urban Act Grant
- 6. Developer Selection and Property Transfer:** Negotiate terms through RFP/RFQ/Master Developer Agreement

CASE STUDY: MERIDEN COMMONS

Municipal Led Process

Prepared Approach

1. **Use Planning to determine goals for site reuse planning:** EPA Community Wide, Plan of Conservation and Development, Brownfields Areawide Revitalization, TOD Plan
2. **Evaluate site redevelopment constraints.** Does the proposed reuse conform with local land use and zoning? Meriden TOD Zoning- Hybrid form based code allowing maximum flexibility for adaptive reuse and new construction; administrative approval
3. **Conduct due diligence prior to property acquisition:** Tax Foreclosure, Condemnation, Negotiated Purchase, Tax Lien Sale
4. **Assess risks to site reuse through completion of Environmental Assessments and Building Evaluations (structural and presence of hazardous materials):** Phase I/II/III, USEPA Brownfield Assessment grant, DECD Brownfield Assessment Grant, TOD Pilot
5. **Select Remediation/Abatement Strategy:** USEPA Cleanup Grant, DECD Brownfield Cleanup grant, HUD Section 108 CDBG Loan, DECD Urban Act Grant
6. **Developer Selection and Property Transfer:** Negotiate terms through RFP/RFQ/Master Developer Agreement

CASE STUDY: MERIDEN COMMONS

Planning: TOD Plan, HUD Choice Neighborhoods

TOD Zoning: TOD Park zone

Property acquisition/swap:

144 Mills: City acquired from MHA

177 State St. City purchased, transferred to MHA

62 Cedar St. City transferred to MHA

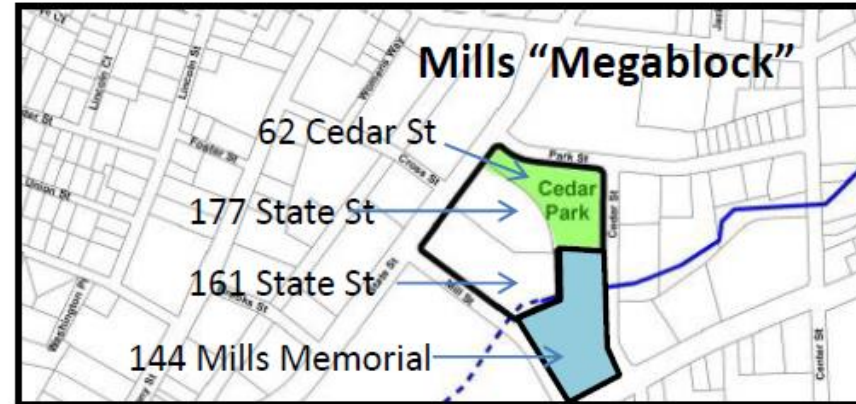
Assessments: Phase I/II/III, HBMA (4 sites)

Remediation/demo:

- \$180,000 DECD assessment grant
- \$2 million DECD demo grant 144 Mills
- \$597,000 DECD cleanup grant 177 State
- 144 Mills & 177 State entered VRP program

Developer RFQ/RFP/MDA:

- Pennrose Properties/MHA (\$50m)
- City of Meriden Flood Control Project (\$14m)



CASE STUDY: MERIDEN COMMONS

		Phase I	Phase II	Notes
Uses	Acquisition (GL)	1,481,781	450,000	
	Construction Costs	18,729,819	19,752,654	Phase II was Passive House
	A&E Fees	1,146,718	1,182,906	
	Financing Costs	678,180	1,034,102	
	Relocation	624,190	99,774	
	Supportive Service Escrow	150,000	187,500	
	TI Improvements	180,000	200,000	
	Developer/Legal/Syndicator/Other Fees	5,701,954	4,074,305	
	Total	27,210,861	26,954,241	
Sources	Tax Credit Equity (9%)	16,519,348	15,609,228	
	Perm Loan + FHLB Sub Adv	4,402,513	5,241,000	
	DOH Flex Funds	5,740,000	6,000,000	
	FHLB AHP Grant	750,000	N/A	
	Eversource Energy Rebates	N/A	104,013	
		Total	27,210,861	26,954,241

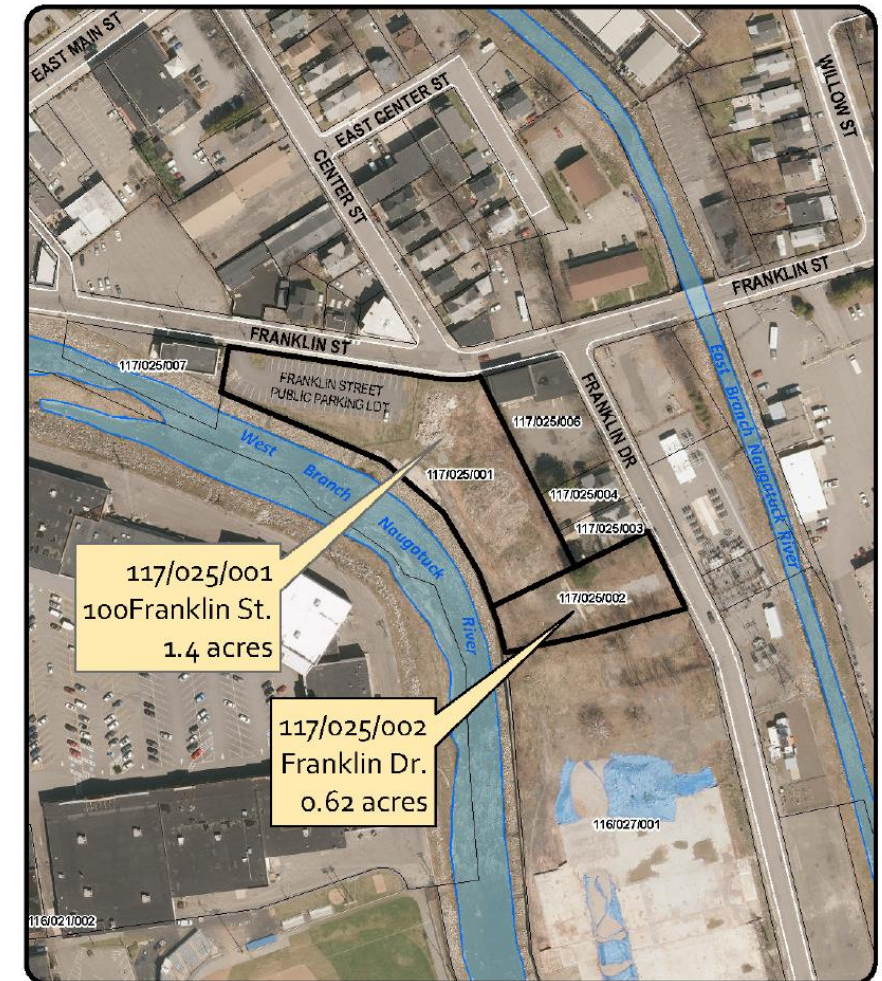
CASE STUDY: TORRINGTON RIVERFRONT



CASE STUDY: TORRINGTON RIVERFRONT

Quick Overview

- Approximately 2-acre parcel
- 60 units - 75% Affordable/25% Market Rate
- Approx. 1,200 SF of ground floor retail
- Total Development Costs: Approximately \$25M
- Timeline
 - City of Torrington Secured EPA Revolving Loan Funds (\$268k) and CT DECD funds (\$1M) for assessment and remediation scope
 - City Issued Developer RFQ in 2019 and selected Penrose
 - City Remediation ran from Sept 2020 – May 2021
 - Original anticipated to be less than 2 months
 - Penrose started construction in June 2021



Aerial Photo: State of CT 2016

■ Riverfront Recapture Area Selected Parcels
□ Assessor Parcels

1 inch = 150 feet



CASE STUDY: TORRINGTON RIVERFRONT

		Projected
Uses	Construction Costs	14,342,552
	A&E Fees	1,575,381
	Financing Costs	694,028
	Developer/Legal/Syndicator/Other Fees	2,890,494
	Total	20,502,455
Sources	Tax Credit Equity (9%)	12,148,785
	Perm Loan + FHLB Sub Adv	2,800,000
	DOH Flex Funds	3,528,400
	FHLB Boston & NY AHP Grant	1,150,000
	Eversource Energy Rebates	220,406
	Deferred Dev Fee	654,864
	Total	20,502,455

CASE STUDY: TORRINGTON RIVERFRONT




LESSONS DURING REDEVELOPMENT

- Takes dedicated municipal partner to get sites ready
 - *“Investing in ourselves”* – Elinor Carbone, Mayor of Torrington
- Having remediation strategy will attract developer to execute
- Don’t underestimate remediation duration – there will likely be surprises!
- Long term coordination of redevelopment even after developer selection


BRICKS & MORTAR

PENNROSE

HEART & SOUL



Questions & Answers



Northland Central



Resurrecting a Vacant Factory Complex



Case Study Leaders



David A. Stebbins For 17 years, David Stebbins was the Executive Vice President of Buffalo Urban Development Corporation (BUDC), a non-profit development entity which specializes in urban redevelopment. One of the major projects Mr. Stebbins was engaged in was the redevelopment of an abandoned, 35-acre industrial complex on the City of Buffalo's East Side (Northland Avenue), containing over 750,000 square feet of vacant industrial buildings spread over multiple properties. Mr. Stebbins has over 42 years of diversified experience in urban planning and development, with a B.A. in Environmental Design from the University at Buffalo and a M.A. in City and Regional Planning from the University of North Carolina-Chapel Hill. He qualified as a member of the American Institute of Certified Planners in May 1986. He is married (Elizabeth) with two children – John 35 and Emily 33, and lives in Bonita Springs, Florida.



Brandye Merriweather Brandye Merriweather is President of the Buffalo Urban Development Corporation (BUDC). Prior to her role at BUDC, Brandye Merriweather worked for various city economic development entities with a focus on strategic planning, small business development and commercial corridors in diverse neighborhoods. Brandye Merriweather received a Master of Business Administration from Medaille College in 2007. Brandye was selected as one of the International Downtown Association's 2018 Emerging Leader Fellows.



The Northland Corridor Redevelopment Buffalo, New York



Empire State
Development



NY Power
Authority





BUFFALO LAKESIDE COMMERCE PARK
Former Hanna Furnace Pig Iron manufacturing facility



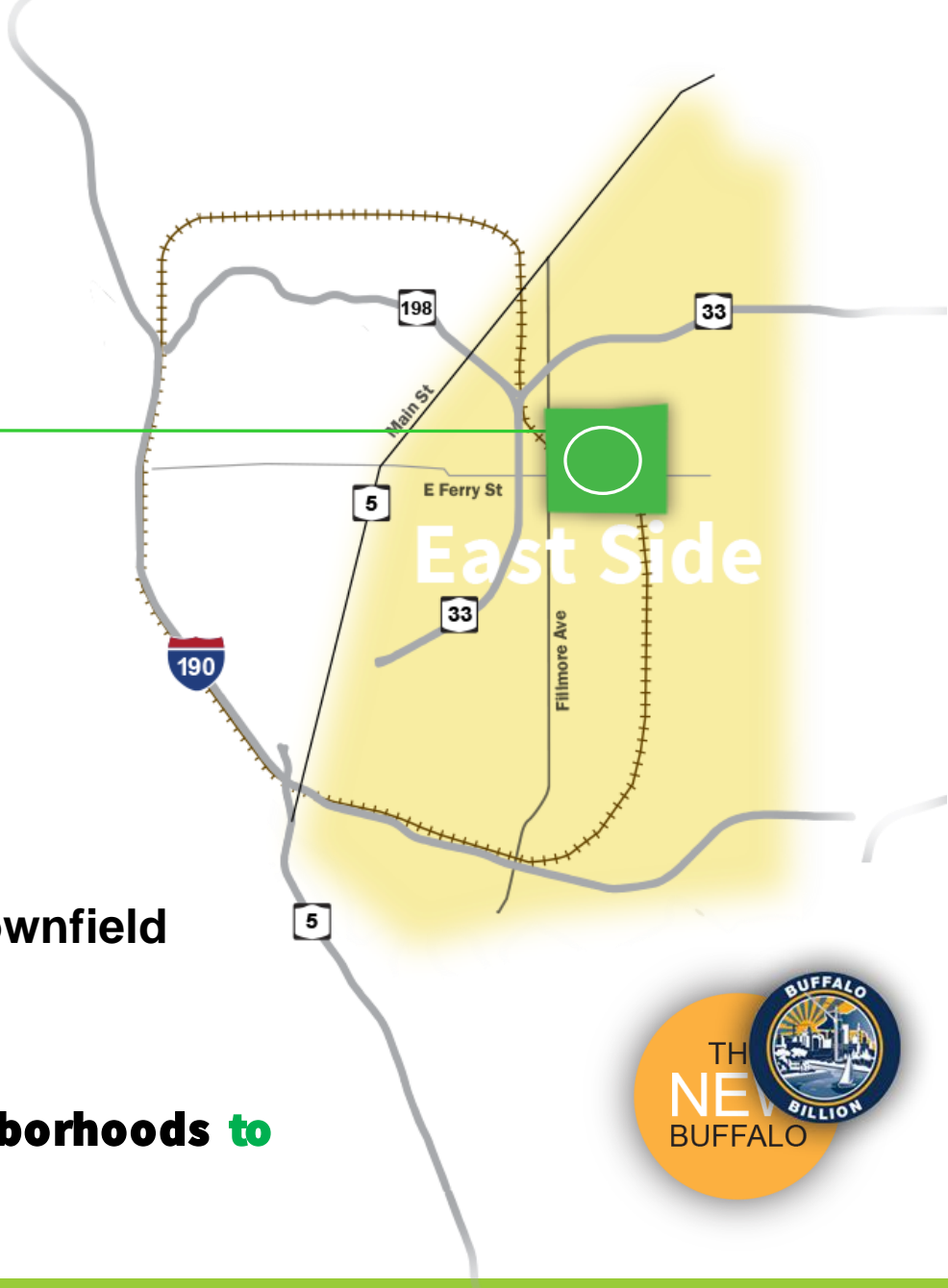
Copyright 1983 James Cavanaugh



Copyright 2015 James Cavanaugh

RIVERBEND

FORMER REPUBLIC STEEL
MANUFACTURING FACILITY AND
DONNER-HANNA COKE FACILITY



What makes the Northland Corridor a good investment?

It supports the region's **smart growth** strategy, and brownfield **redevelopment**

Aligns with other efforts on East Side

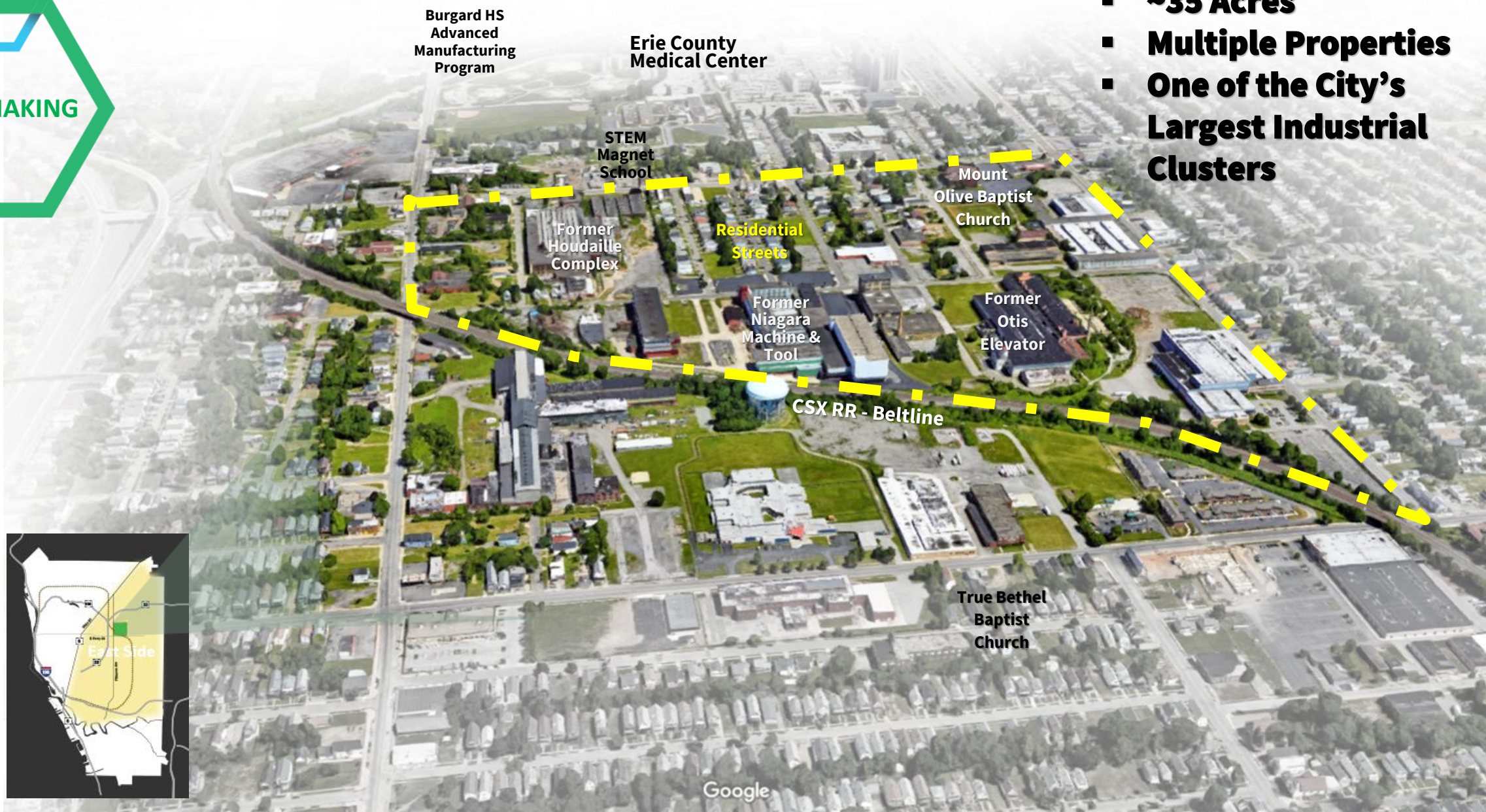
It will connect residents from Buffalo's east side neighborhoods to training and jobs in a growing sector



Located on Buffalo's Historic East Side



- **~35 Acres**
- **Multiple Properties**
- **One of the City's Largest Industrial Clusters**



Burgard HS
Advanced
Manufacturing
Program

Erie County
Medical Center

STEM
Magnet
School

Former
Houdaille
Complex

Residential
Streets

Former
Niagara
Machine &
Tool

Mount
Olive Baptist
Church

Former
Otis
Elevator

CSX RR - Beltline

True Bethel
Baptist
Church



Google

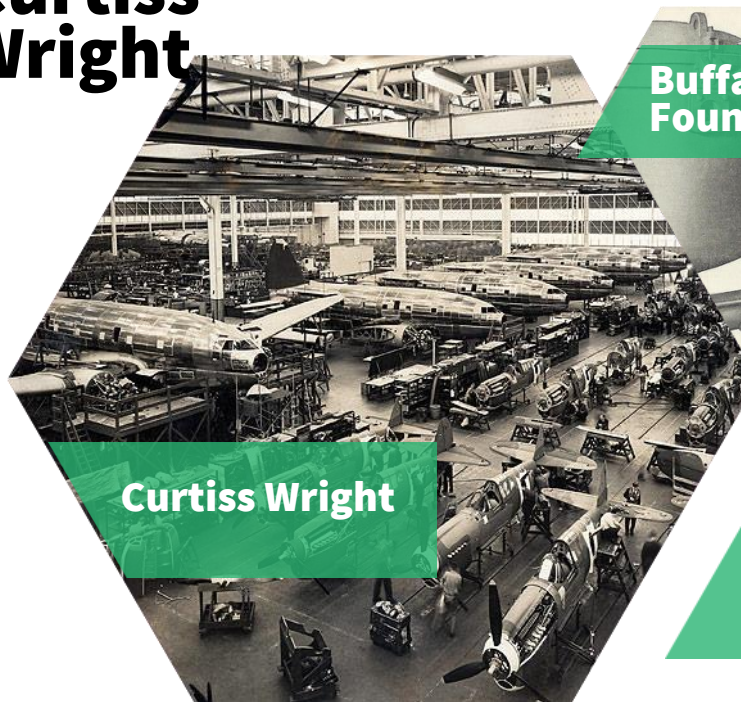
Grounded in a community



PLACEMAKING

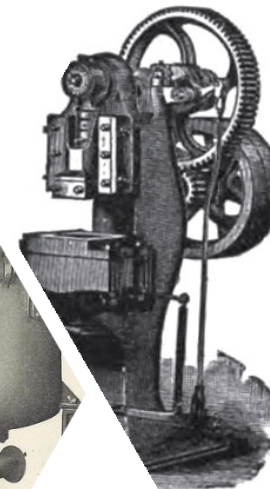
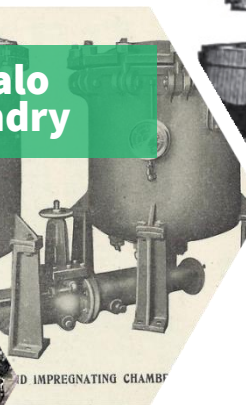
A community with a manufacturing past

Curtiss Wright



Curtiss Wright

Buffalo Foundry



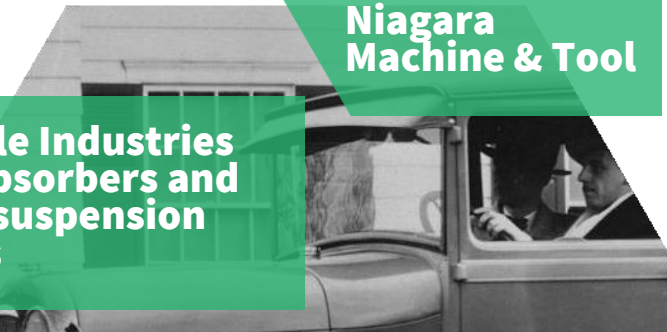
Machines FOR SHEET METAL SPECIALTIES

TINNERS' ROOFERS' CAN MAKERS' SHEARING MACHINES PRESSES AND FORM

NIAGARA STAMP BUFF

Niagara Machine & Tool

Houdaille Industries shock absorbers and vehicle suspension systems



From airplanes to elevators



Otis Elevator



Properties Eligible for National Register of Historic Places

Companies were built here

ASSEMBLING THE TEAM

- **Watts Architecture & Engineering** – design lead
- **Barbara Campagna, Architecture + Planning, PLLC** – preservation architect
- **Cannon Heyman Weiss** – Tax Credit legal
- **RubinBrown** – Pre-Closing Tax Credit accounting
- **Freed Maxick** – Post-Closing Tax Credit Accounting
- **Gilbane Building Company** – Construction Management





NIAGARA MACHINE & TOOLWORKS

Former Niagara Machine & Toolworks

- 4-story office building – 40,000 sf
- Manufacturing buildings:
 - 2000,000 sf
 - Built in phases over 80+ years
- Vacant for over 20 years
- Machine tool manufacturing company, sheet metal tools





Niagara Machine & Tool Works Historic District



Before: The Front Elevation (Northland Avenue)



Before: Sawtooth Monitors, Clerestories & Skylights



Before: Interior



Before: Interior



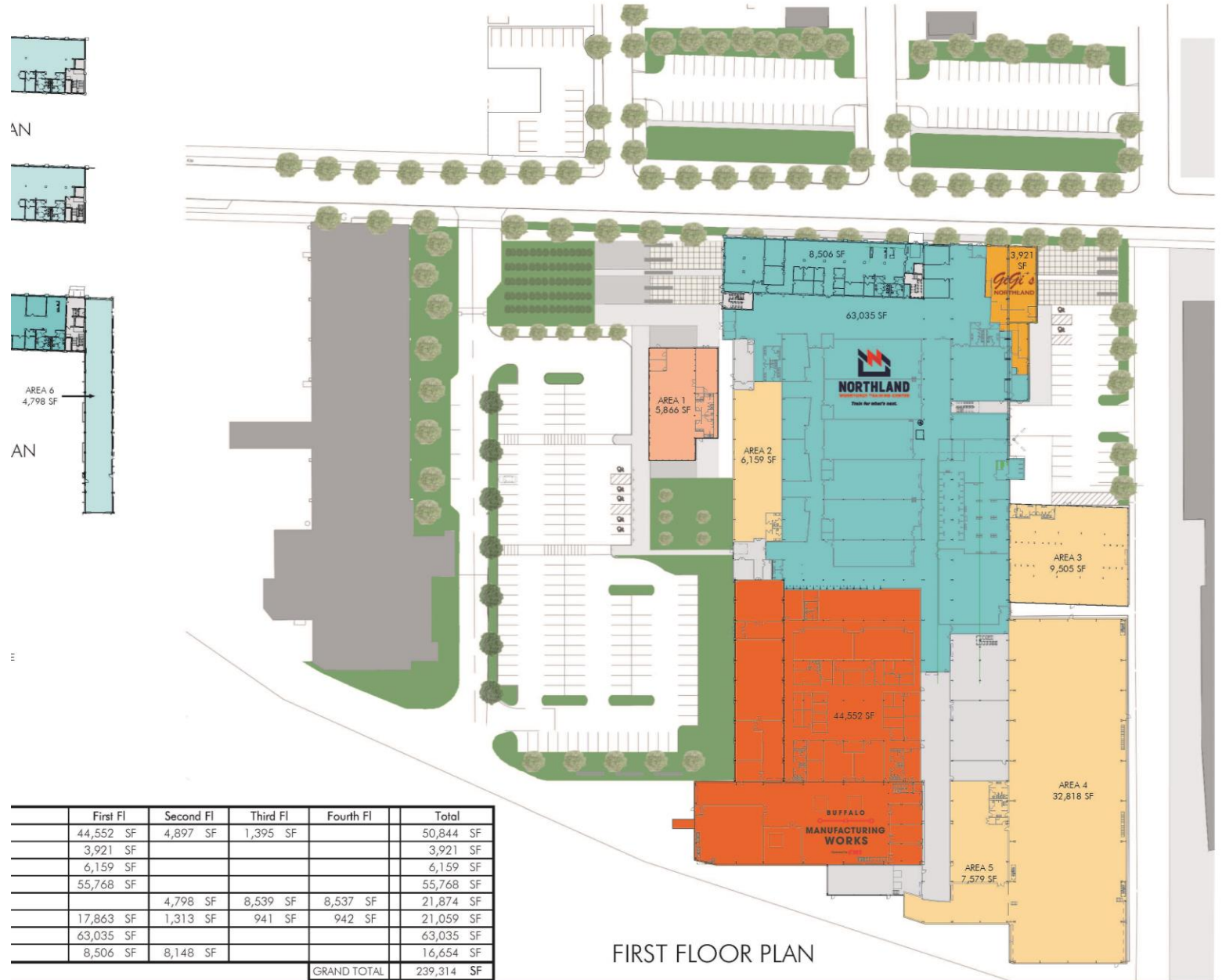
Before: Interior,
Wood Block
Flooring



Before: Interior,
Cranes

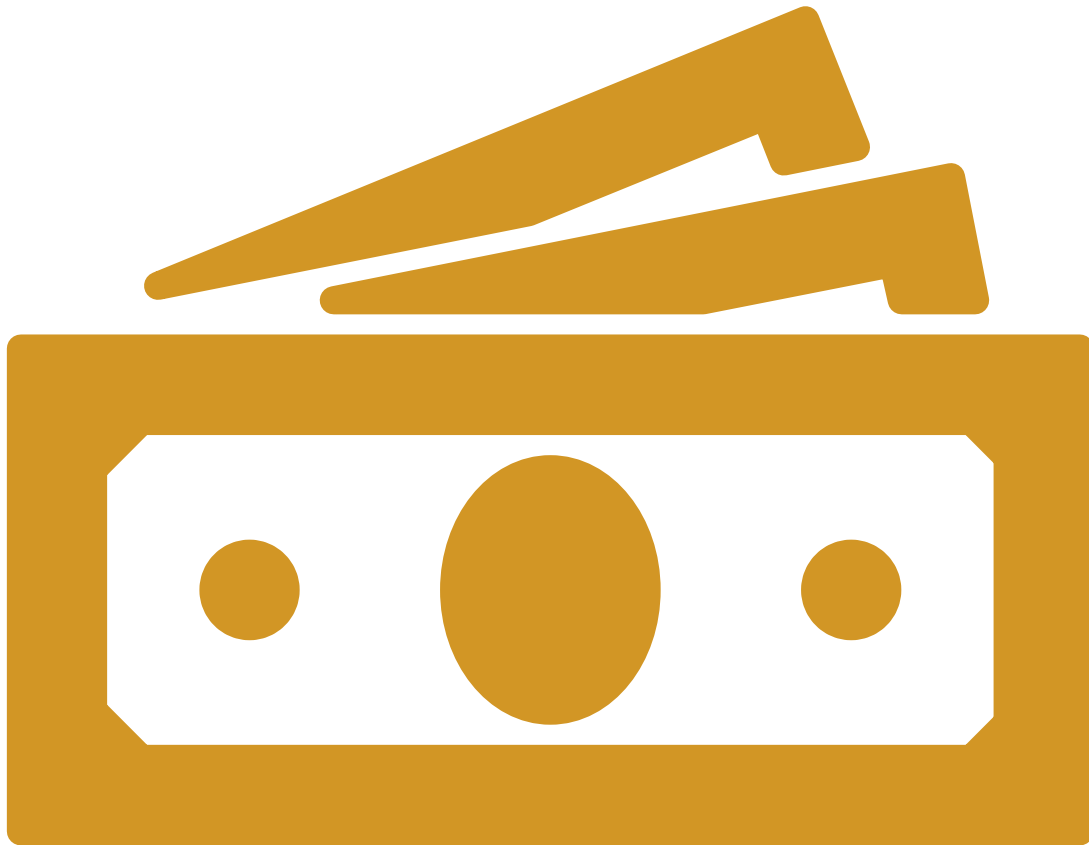
Proposed Program

- Workforce Training Center – office and training labs
- Buffalo Manufacturing Works – office and manufacturing labs (R&D)
- Restaurant/Food Service
- Public galleries and community room
- Manufacturing space to lease
- Office space to lease



FIRST FLOOR PLAN





Preliminary Financial Analysis

PURPOSE:

DEMONSTRATE FEASIBILITY
TO PRIVATE DEVELOPMENT
INTERESTS

DETERMINE AMOUNT OF
CONVENTIONAL
FINANCING AND GAP
REQUIRED

Preliminary Financial Analysis

- \$100 million estimated cost
- Initial Sources:
 - Empire State Development: \$40 million
 - New York Power Authority: \$15 million
 - City of Buffalo: \$3 million
- Gap: **\$42 million**



TAX CREDITS

- FEDERAL & STATE REHABILITATION TAX CREDITS
- NEW MARKET TAX CREDITS
- BROWNFIELD CLEANUP PROGRAM TAX CREDITS
- SALES & PROPERTY TAX EXEMPTIONS (ECIDA)

HISTORIC TAX CREDIT BASICS

Designed to encourage certain types of investment and development that are considered beneficial to the economy, the environment, or to further any other purpose the government deems important

Reduce the amount of income tax **dollar-for-dollar** that individuals or companies owe to federal and state governments

Investors with a large tax liability want to buy tax credits to lower taxes – e.g. large banks

Historic restoration projects need inexpensive capital

Tax credit syndicators connect investors with projects that qualify for tax credits

NOT ALL CREDITS ARE CREATED EQUAL

FEDERAL HTC

- Encourage redevelopment of historic buildings
- Federal since 1976 and 35 state programs
- FHTC is administered by the National Park Service
- Credit is earned by the developer for qualified rehabilitation expenses
- 20% credit taken over a single- or five-year period with a 5-year compliance and recapture period



NY STATE HTC

- Encourage redevelopment of historic buildings
- Enacted in 2007
- NY HTC is administered by the NY SHPO
- Credit is earned by the developer for qualified rehabilitation expenses
- 20% credit taken in a single year with a 5-year compliance and recapture period
- Amount of credit is capped at \$5MM and projects must lie in a qualifying census tract



FEDERAL NMTC

- Encourage investment in low-income communities
- Federal since 2003 and 14 state programs
- Administered by the CDFI (Dept. of Treasury)
- Credits are awarded to a community development entity (CDE)
- 39% credit taken over 7-year compliance and recapture period



HOW HTCS WORK

To generate HTCs, property owners or developers must undertake the **substantial rehabilitation** of a **certified historic structure** with an **eligible end use**

To qualify for certification, developers must complete a **3-part application** that is approved by the state **SHPO** and the **NPS**

Tax credits are equal to **20%** of the qualified rehabilitation expenditures (**QREs**)

If project is eligible, the building owner is able to attract capital from investors in exchange for these credits



THE VALUE OF HTCS

QRE x 20% = Credits

Investors typically pay less than \$1/credit to realize benefit

- QRE > \$10MM – low to mid **\$.80s**
- QRE < \$10MM – low **\$.80s** or lower

Credits x investor pricing = HTC equity



STATE OF NEW YORK HISTORIC TAX CREDITS

The State of New York offers a companion 20% Historic Tax Credit that can be coupled with the Federal HTC

The amount of the credit is capped at \$5MM (\$25MM QRE).

Projects must be located in a qualifying census tract

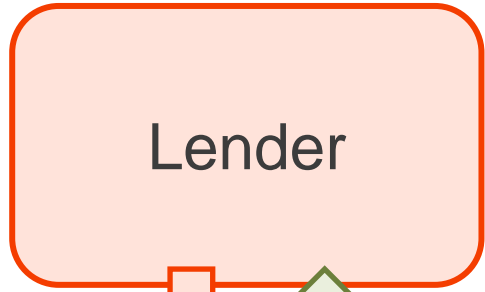
- Defined as a census tract at or below 100% of the state median family income.

Project qualification follows the same procedures as the Federal HTC.

Projects can also monetize the credit with a Third-Party Investor

- Credit MUST be allocated to same investor who claims the Federal HTC
 - If Federal HTC investor is not a NY taxpayer, they are able to receive a cash refund from the state in the amount of the credit. These refund proceeds are taxable for federal income tax purposes.
- Pricing is typically in the low .70s
- Investor typically contributes 20% of total equity contribution at initial financial closing

MONETIZING THE HTC



Loan



Debt Service
Payments

Master Landlord – “Developer”

90.00% – Managing Member

10% – Master Tenant

Pass-Through of
Federal HTCs



Master Lease



Rent Payments

HTC Equity via Equity or
Prepaid Rent



HTC
Equity

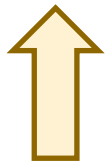


Credits, Profits,
Losses and
Cash Flow

Master Tenant

99.00% Member – HTC Investor

1.00% Member – Managing Member



Depreciation,
Profits, Losses
and Cash Flow

Managing Member

Rent



Residential/
Commercial
Tenants

Historic Preservation Tax Credits

- Requires National Register District or property
- 20% Federal & 20% State
- Syndication = equity to project
- Dept. of Interior Stds.

- Qualified Rehabilitation Expenses (QRE): \$90 MILLION
- Federal Tax Credit: X 20%
- Face Value of Tax Credit: \$18,000,000
- Master Tenant Percentage: 99%
- Syndication Value: \$17,820,000
- Equity Pricer: 91%
- **Cash Value to Project, Federal: \$16,216,200**

Historic Preservation Tax Credits

- Requires National Register District or property
- 20% Federal & 20% State
- Syndication = equity
- Dept. of Interior Stds.

- Qualified Rehabilitation Expenses (QRE): \$90,000,000
- State Tax Credit: X 20%
- Face Value of Tax Credit: ~~\$18,000,000~~
- State Maximum Cap: **\$ 5,000,000**
- Master Tenant Percentage: 99%
- Syndication Value: \$ 4,950,000
- Equity Pricer: 65%
- Cash Value to Project, State: **\$ 3,217,500**
- **TOTAL HPTC EQUITY: \$19,433,700**

HISTORIC TAX CREDITS - NORTHLAND

FIVE INSTALLMENTS

1. Closing
2. Approval of Part 2
3. Phase I Placed in Service
4. Phase II Placed in Service
5. Part 3 Approval

NMTCs

Encourages investments in low-income communities (LIC) that traditionally have had poor access to debt and equity capital

CDFI Fund only AWARDS tax credit allocation to Qualified CDEs. NTCIC is a Qualified CDE that specializes in providing allocation to adaptive reuse projects.

The credit is equal to 39% of the Qualified Equity Investment (QEI) made by a NMTC investor into a CDE.

CDEs target projects that benefit low-income communities, known as Qualified Active Low-Income Community Businesses (QALICBs) to provide allocation

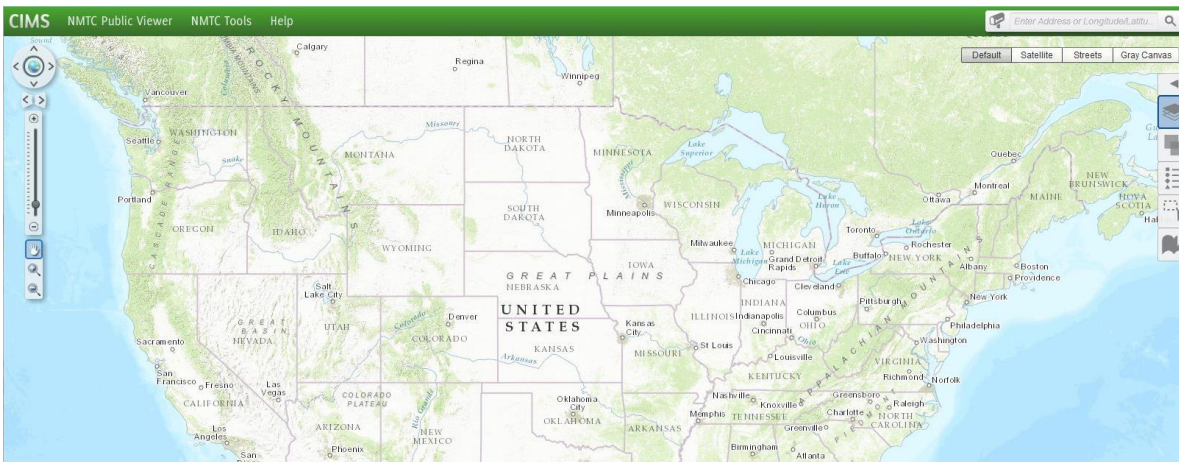
NMTC investors also pay low to mid .80s per dollar of credit

PROJECT EVALUATION

Is the project located in an **NMTC-eligible census tract**?



- LIC:
 - Must have a poverty rate $\geq 20\%$ or AMI $\leq 80\%$
- Severely distressed:
 - Poverty rate $\geq 30\%$ or AMI $\leq 60\%$ or unemployment rate at least 1.5x the national average



The CDFI Fund provides a mapping system to verify census tract eligibility

www.cdfifund.gov



CALCULATING THE NMTC

What about the value to the Project or **QALICB**?

Typically **CDEs** make two debt **QLICIs** to the **QALICB**

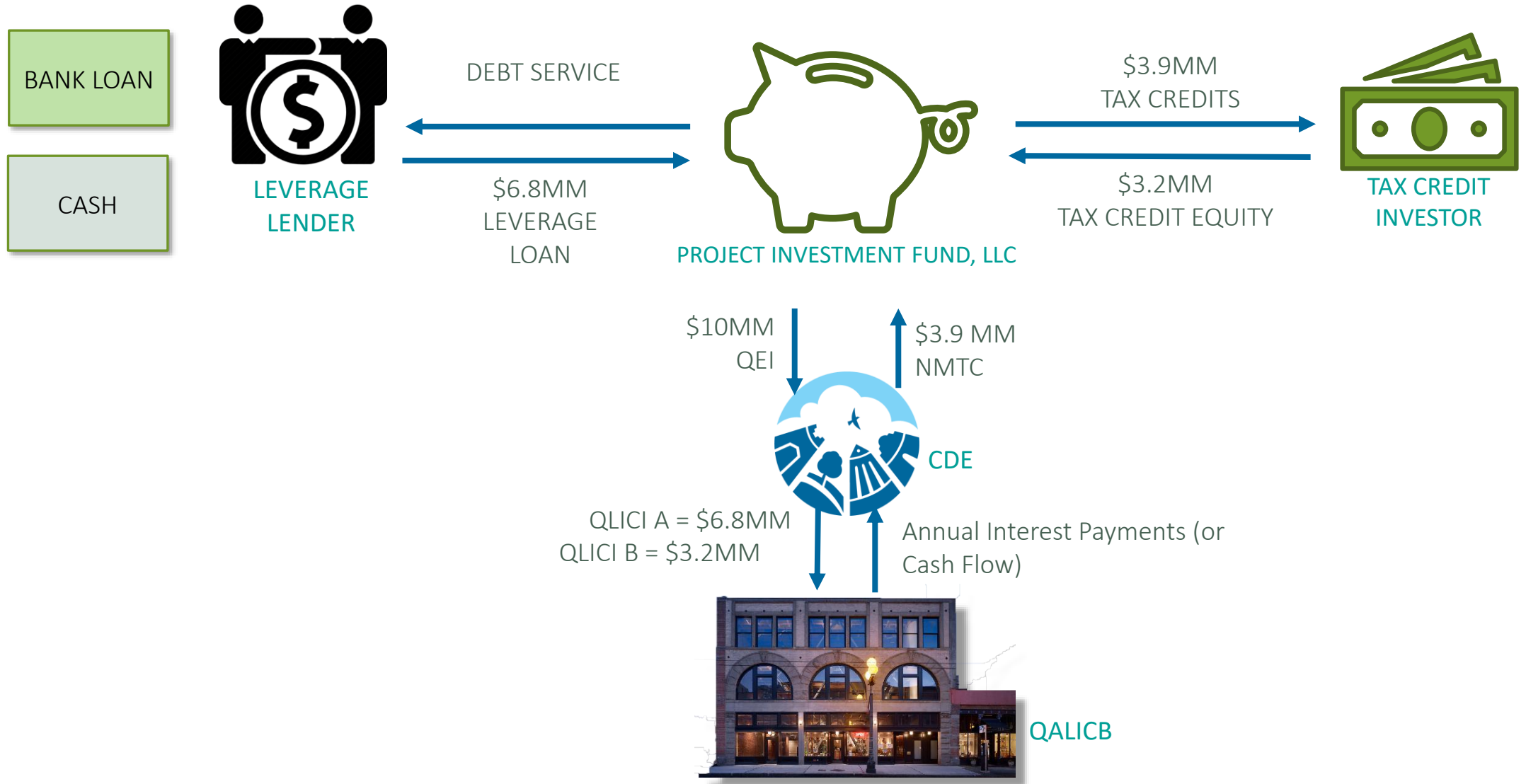
- QLICI A reflects the Leverage Loan
- QLICI B reflects the tax credit equity

Both **QLICIs** typically have below market interest rates and flexible financing features

The interest rates for both **QLICIs** are calculated based on the debt service payments needed for the Leverage Loan



NMTC LEVERAGE STRUCTURE



VALUE OF NMTC TO QALICB

NMTC Investments Require:

- 7-year compliance period
- Much stricter compliance requirements
- Risk of recapture for the full tax-credit amount
- Annual Community Impact reporting requirements

What the QALICB receives for the NMTC Investment:

- Below market interest rates for 7-years
- Flexible financing terms
- At the exit of the NMTC transaction the QALICB loan can be converted into QALICB equity for a nominal amount.
- Ultimately, QALICBs retain ~20% of the total amount of NMTC allocation they are able to secure



NMTC for 683 Northland Avenue

- Tax Credit Allocations:
 - National Trust CIC: \$9 million
 - Build America CDE: \$5 million
 - Total: \$14 million
- Total Amount of Credit: 39%
- Face Value of Credit: \$5,460,000
- Market Pricing: 86%
- Gross Cash for Project: \$4,700,000



NYS BROWNFIELD CLEANUP PROGRAM TAX CREDITS

- Incentives to encourage redevelopment of environmentally challenged sites
- Primarily focused on soil contamination and Soil Cleanup Objectives (SCO's)

NYS BROWNFIELD CLEANUP PROGRAM

- Incentives to encourage redevelopment of environmentally challenged sites
- Primarily focused on soil contamination and Soil Cleanup Objectives (SCO's)

- Eligibility – exceedance of SCO Thresholds
- Site preparation & remediation credits
- Tangible Asset Tax credits
- Real Property Tax credits – Environmental Zones
- Process
 - Investigations
 - Application – NYSDEC
 - Certificate of Completion

NYS Brownfield Tax Credit

- **Two components:**

- Site Prep or Remediation Credit (incl. asbestos, etc.)

- Tangible Tax Credit

- **Refundable Tax Credit**

- Timing issues – 18-24 month for receipt

NYS BROWNFIELD CLEANUP PROGRAM

NYS Brownfield Cleanup
Program Tax Credit

Site Preparation & Groundwater Remediation Credits

- **Track 1** - no restrictions on the use of the property;
- **Track 2** - restricted use with generic soil cleanup objectives (SCOs) based on the intended use of the property-residential, restricted residential (single family houses not allowed), commercial, or industrial;
- **Track 3** - restricted use with modified SCOs based on the same uses described in track 2 above;
- **Track 4** - restricted use with site-specific soil cleanup objectives, where the shallow exposed soils must meet the generic SCOs used for track 2 above.

USE	UNRESTRICTED	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
Track 1	50%	N/A	N/A	N/A
Tracks 2 & 3	N/A	40%	33%	27%
Track 4	N/A	28%	25%	22%

NYS BROWNFIELD CLEANUP PROGRAM

NYS Brownfield Cleanup Program Tax Credit

TANGIBLE PROPERTY TAX CREDIT

Baseline (based on Tax Status): 10-12%

Plus:

- Environmental Zone: 8%
- Track 1 Cleanup: 2%
- Brownfield Opportunity Area: 2%

Tangible Tax Credit Caps:

1. Non-manufacturing projects: \$35 million or three times (3x) the site preparation and on-site groundwater remediation costs, whichever is less.
2. Manufacturing projects: \$45 million or six times (6x) the site preparation and on-site groundwater remediation costs, whichever is less.

NYS BROWNFIELD CLEANUP PROGRAM

Site Preparation/Cleanup Costs: \$9,750,000
Track 4 Cleanup, Commercial: X 25%
Site Preparation Credit: **\$2,437,750**

Tangible Property Tax Credit

Total Development Costs: \$94,000,000
◦ Baseline Credit: 12%
◦ Plus: EnZone 8%
◦ Total Credit Pct. 20%
Total Tangible Tax Credit: \$18,800,000
TOTAL TAX CREDIT: \$21,237,500

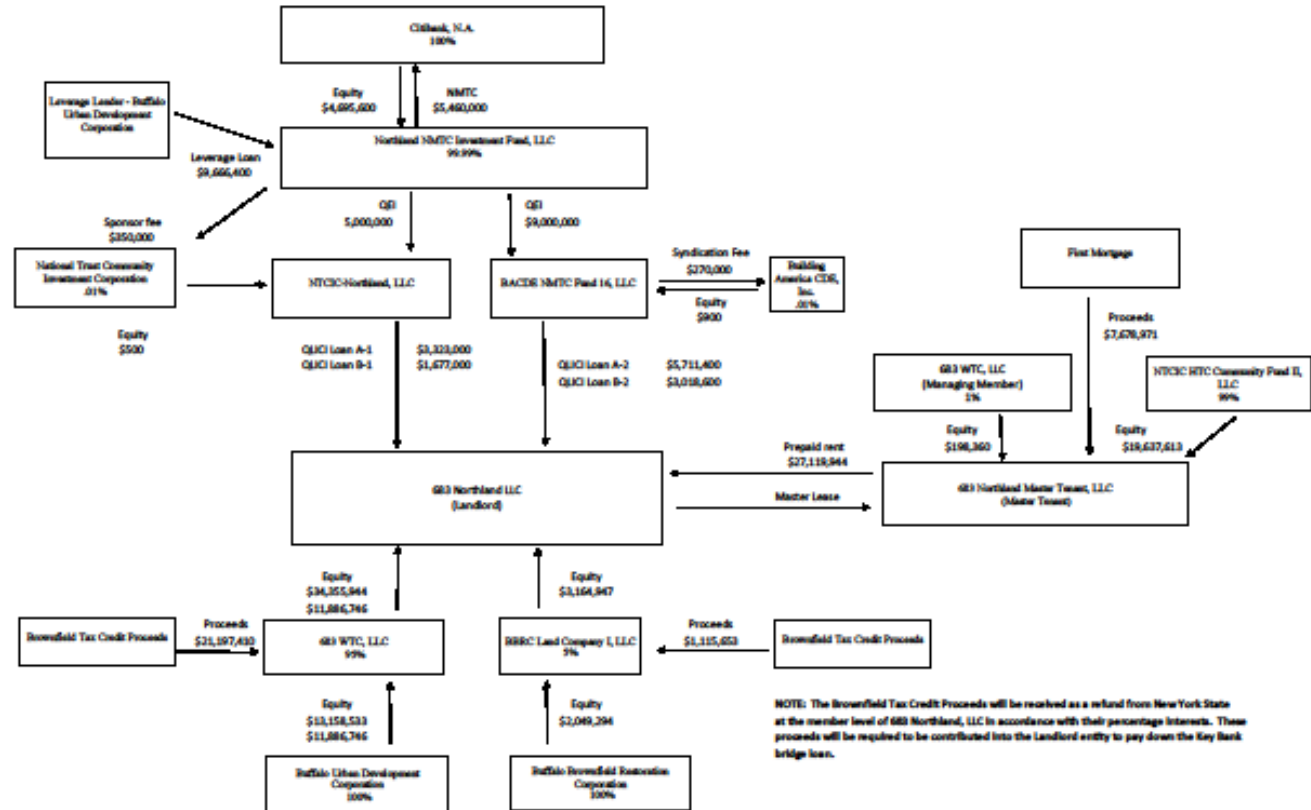
CAPITAL STACK

Source	Construction	Permanent	USES	Construction	Permanent
ESD/NYS	\$41.2MM	\$41.2MM	Acquisition	\$3.0MM	\$3.0MM
NYPA	\$15MM	\$15MM	Pre-Develop	\$730K	\$730K
COB	\$3.2MM	\$3.2MM	Construction	\$87.8MM	\$87.8MM
HTC	\$12.7MM	\$19.7MM	FF&E	\$8.9MM	\$8.9MM
NMTC	\$4.7MM	\$4.7MM	Financing	\$1.7MM	\$1.7 MM
BTC	\$ - 0 -	\$21.2MM	Soft Costs	\$3.17MM	\$3.17MM
NFuel/NGrid/NYSERDA	\$ - 0 -	\$268K	TOTAL	\$105.3MM	\$105.3MM
KEY BANK	\$28.5MM	\$ - 0 -			
TOTAL	\$105.3MM	\$105.3MM			

TAX CREDIT MODEL

- OWNER – 683 Northland LLC
 - 683 WTC LLC (95%) - BUDC
 - BBRC LAND COMPANY LLC (5%) – BBRC
- MASTER TENANT - 683 Master Tenant LLC
 - 683 WTC LLC (1%)
 - NTCIC HTC Community Fund LLC (99%)

NORTHLAND NMTC INVESTMENT FUND, LLC
 NTCIC-NORTHLAND, LLC
 BACDC NMTC FUND 16, LLC
 683 NORTHLAND LLC - LANDLORD
 683 NORTHLAND MASTER TENANT LLC- MASTER TENANT
 SUPPLEMENTAL SCHEDULE OF ORGANIZATIONAL CHART AT COMPLETION(PART II)



SPONSORS & INVESTORS

- **National Trust Community Investment Corporation (NTCIC)**
 - Historic Tax Credits
 - New Market Tax Credits
- **Building America CDE (AFL-CIO HIT)**
 - New Markets Tax Credits
- **CitiBank/Citi Community Capital**
 - Historic Tax Credits
 - New Market Tax Credits
- **KeyBank**
 - Bridge Financing

NORTHLAND TAX CREDITS

Miscellaneous Facts

- Final design initiated before Part 1 approval
- Construction initiated before Part 2 approval
- Project constructed in phases
 - Phase 2 anchor tenant and financing unknown at the start of tax credit modeling and negotiations
- Rush to close by December 31, 2017 – changes in Tax Law

Seven (7) Legal teams at closing:

- Canon Heyman Weiss (Owner tax credit attorney)
- Hurwitz & Fine (Owner Real Estate attorney and general counsel)
- Nixon Peabody A (NTCIC)
- Nixon Peabody B (Citi Community Capital)
- Dentons (Build America CDE)
- Hodgson Russ (KeyBank)
- Harris Beach (ECIDA)

KEY PARTNERS

Design & Construction

- Watts Architecture & Engineering, with Barbara A. Campagna/Architecture + Planning
- LiRo Engineers, Inc.
- Mustard Seed World Consulting
- Gilbane Building Company, with 34 Group

Tax Credit Consulting Team

- Cannon Heyman Weiss
- RubinBrown
- Freed Maxick
- Hurwitz & Fine

Funding & Financing

- New York State/Empire State Development
- New York Power Authority
- City of Buffalo (CDBG)
- National Trust Community Investment Corp.
- Building America CDE (AFL-CIO)
- CitiBank (Tax Credit investor)
- KeyBank
- ECIDA
- National Fuel/National Grid/NYSERDA



SUCCESS!

- Construction Completed
- LEED Silver Certification
- 97% Leased:
 - Northland Workforce Training Center
 - Buffalo Manufacturing Works
 - Manna @ Northland (restaurant)
 - Sparkcharge
 - Retech Systems, LLC
 - Garwood Medical Devices
- Center for community activity

Key Tenants – How did we find them?

- **Northland Workforce Training Center & Buffalo Manufacturing Works**
 - State-sponsored economic development initiatives
- **Manna @ Northland**
 - Request for Proposals targeted to minority entrepreneurs
 - Flexible initial lease terms
- **Spark Charge & Garwood Medical**
 - Designation of spaces as StartUp NY
 - 43 North Business competition
 - 3rd Party Business Incubator management – Mancuso Business Development
- **Retech Systems**
 - Regional Business Attraction organization – Invest Buffalo Niagara



Albright-Knox Northland



Main Gallery: Before & After




Wood Block Flooring



Training Labs



Cranes: Main Lobby



Questions & Answers

Toledo Solar



Innovative Partnerships are the Key to Sustainable Development



Case Study Leaders



Karen Rogalski Karen Rogalski was the Project Coordinator for the Cherry St. Legacy Project in disinvested neighborhoods around Mercy St. Vincent Medical Center. This neighborhood sits next to the former Jeep Manufacturing site, the focus on an EPA Area-wide Planning Grant, where Karen served as community coordinator.



Patrick Johnston Patrick Johnston has worked for Greater Toledo Community Foundation since January 2014. In his current role as Vice President of Community Investments, Patrick oversees all competitive grant opportunities, scholarships and the Center for Nonprofit Resources. The Foundation has assets of approximately \$400 million and makes grants of \$15 to \$20 million annually. Prior to joining the Foundation, Mr. Johnston held positions at Owens Community College, Metroparks of the Toledo Area and the National Park Service. He holds a Masters degree from University of Kentucky and an undergraduate degree from Bowling Green State University in Journalism.





Innovative Partnerships Drive Sustainable Development

A Community Foundation's Role in Connecting Business Energy Needs to Neighborhood Development



A Piece of Toledo History



- Construction on the plant started in 1910 by John North Willys
- At its peak, the plant employed 23,000 Toledoans
- Best known for producing the iconic Jeep since 1941
- Closed in 2006 when new Toledo plant opened
- Produced 11 million vehicles

What is a Community Foundation?



Excellence. Accountability. Impact.™

Community foundations are grant-making public charities that are dedicated to improving the lives of people in a defined local geographic area. They bring together the financial resources of individual, families and businesses to support effective nonprofits in their communities. Community Foundations vary widely in asset size, ranging from less than \$100,000 to more than \$8 billion.

What is the Greater Toledo Community Foundation?

- Founded in 1973, GTCF is one of the largest philanthropic organizations serving northwest Ohio.
- We are a 501(c)(3) public charity with more than \$400 million in assets, composed of over 900 individual funds.



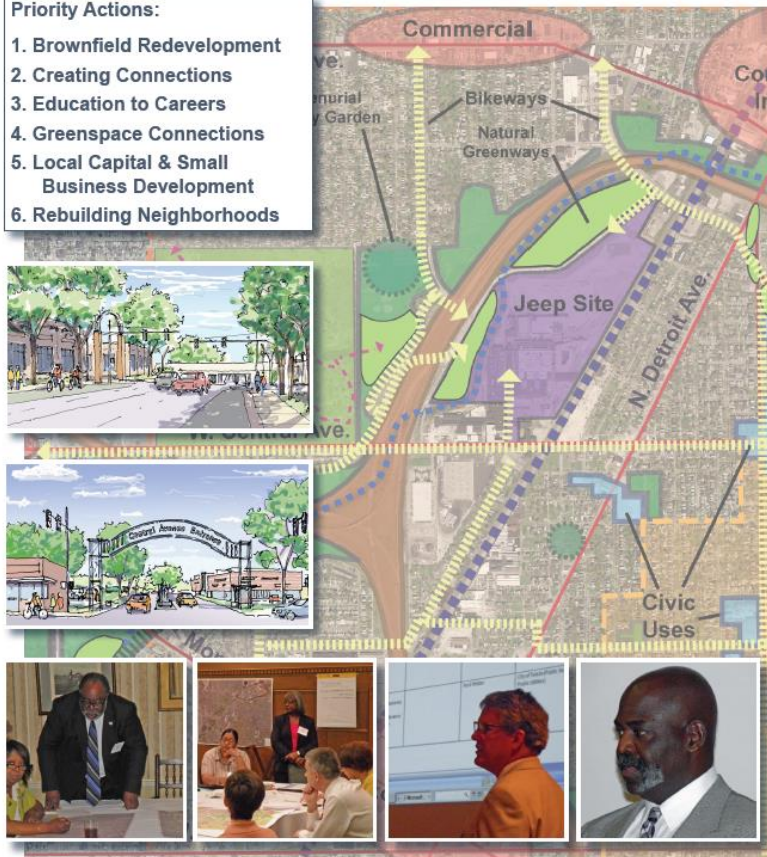
Toledo Synergy

Revitalizing the Former Jeep Site and Surrounding Neighborhoods

June 2011

Priority Actions:

1. Brownfield Redevelopment
2. Creating Connections
3. Education to Careers
4. Greenspace Connections
5. Local Capital & Small Business Development
6. Rebuilding Neighborhoods



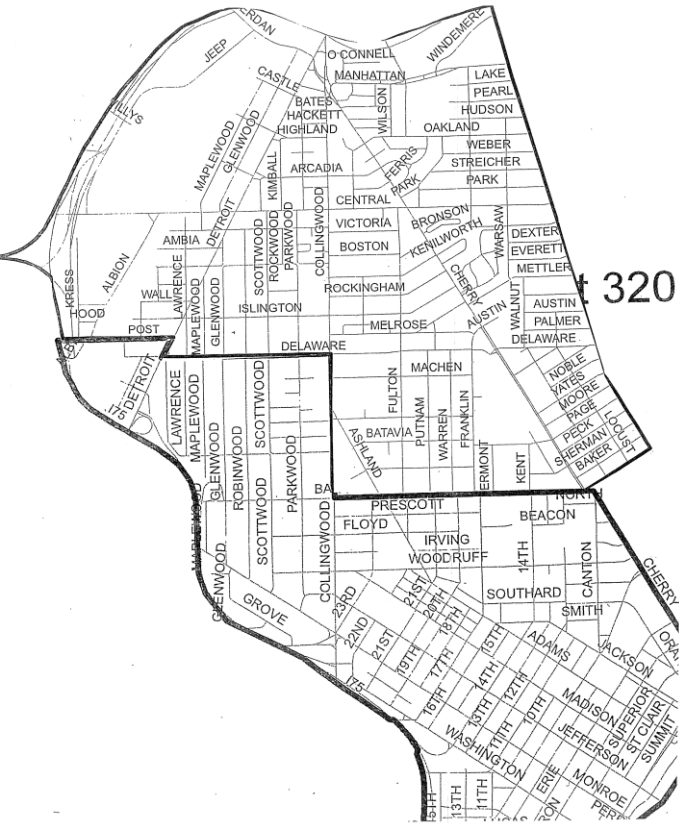
City of Toledo, Ohio



USEPA Area-Wide Planning Project Strategy

March 2015

Old West End Neighborhood Initiative



January 2014
 Issue

Old West End Neighborhood Initiatives
"Working Together for a Better Community"

Your Choice, Your Voice



**The New Senior Manager of City Code Enforcement,
 Dennis Kennedy, is the February 20th Featured Speaker**

Dennis Kennedy, Senior Manager of the City of Toledo's Office of Code Enforcement will be our featured speaker at the February 20th Community Congress meeting at **Glenwood Elementary School, 2830 Glenwood Avenue** at 6 p.m. The Division of Code Enforcement is the division of the City that enforces the property maintenance and zoning codes.

Its goal is to bring properties into compliance with these uniform standards of health and safety regulating the properties and structures in which the public occupies. The actions of Code Enforcement assist in removing blight, stabilizing property values, and help to eliminate the crime associated with vacant and abandoned properties.

*Teamwork is the
 secret that make
 common people
 achieve
 uncommon
 results"*

While eliminating nuisances, particularly in low and moderate income neighborhoods, the division interacts with the community and its neighborhoods. Code Enforcement plays an important role in sustaining the viability of the City's neighborhoods in the community.

The Division of Code Enforcement is responsible for inspecting complaints generated by the Administration, City Council, citizens, and neighborhood organizations, and to assist in the abatement of general nuisances. The focus of nuisance abatement is property maintenance, building violations, zoning infractions, and health code violations.

The Division takes a proactive approach to property maintenance by being a constant presence in neighborhoods, being accessible to citizens, and through its Neighborhood Sweeps initiative. **Dennis looks forward to answering your questions about department operations and hearing and taking your reports regarding nuisance properties.**

Inside this issue:

January 16th Community Meeting

- | | | | | |
|------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 2013
Community Meeting | 2 | Guest speakers were Marc Gerdeman, City of Toledo, Division of Environmental Services Brownfield Section; Tim Murphy, City of Toledo; | by the City to private companies, government entities, and nonprofits to clean up properties impacted by hazardous substances or petroleum. The | Plant). Environmental assessments have been completed. The City of Toledo will provide matching funds to assist with the clean up of this site. City of |
| Grace Community Center Yearball | 2 | | | |











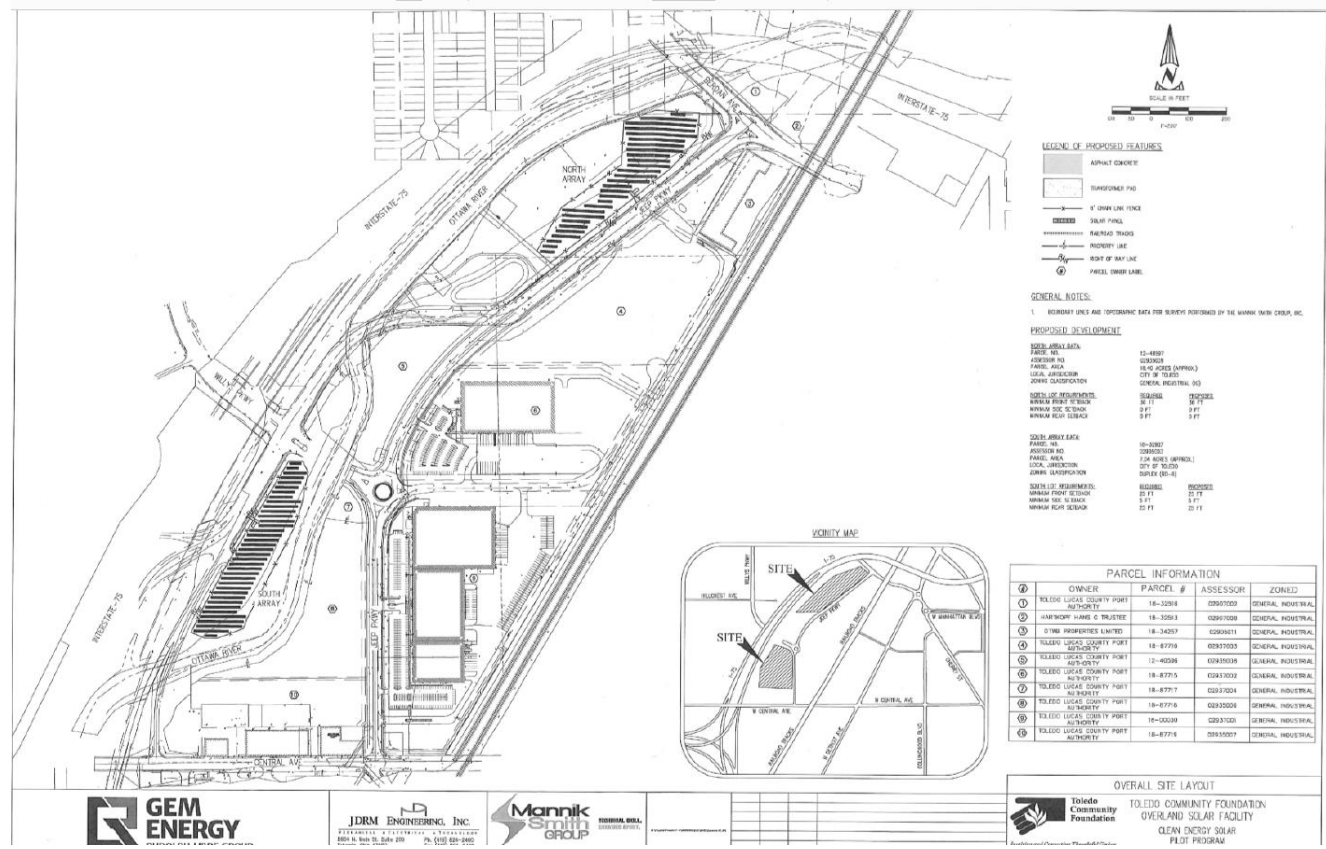


The Question of Sustainability



The Plan

- Ground Mounted Solar Arrays
- Sell Directly to Dana
- Create a Supporting Organization to Own the Asset
- Grant Proceeds to Nonprofits Engaged in Neighborhood Work
- Utilize Student Labor during Installation



The Challenges



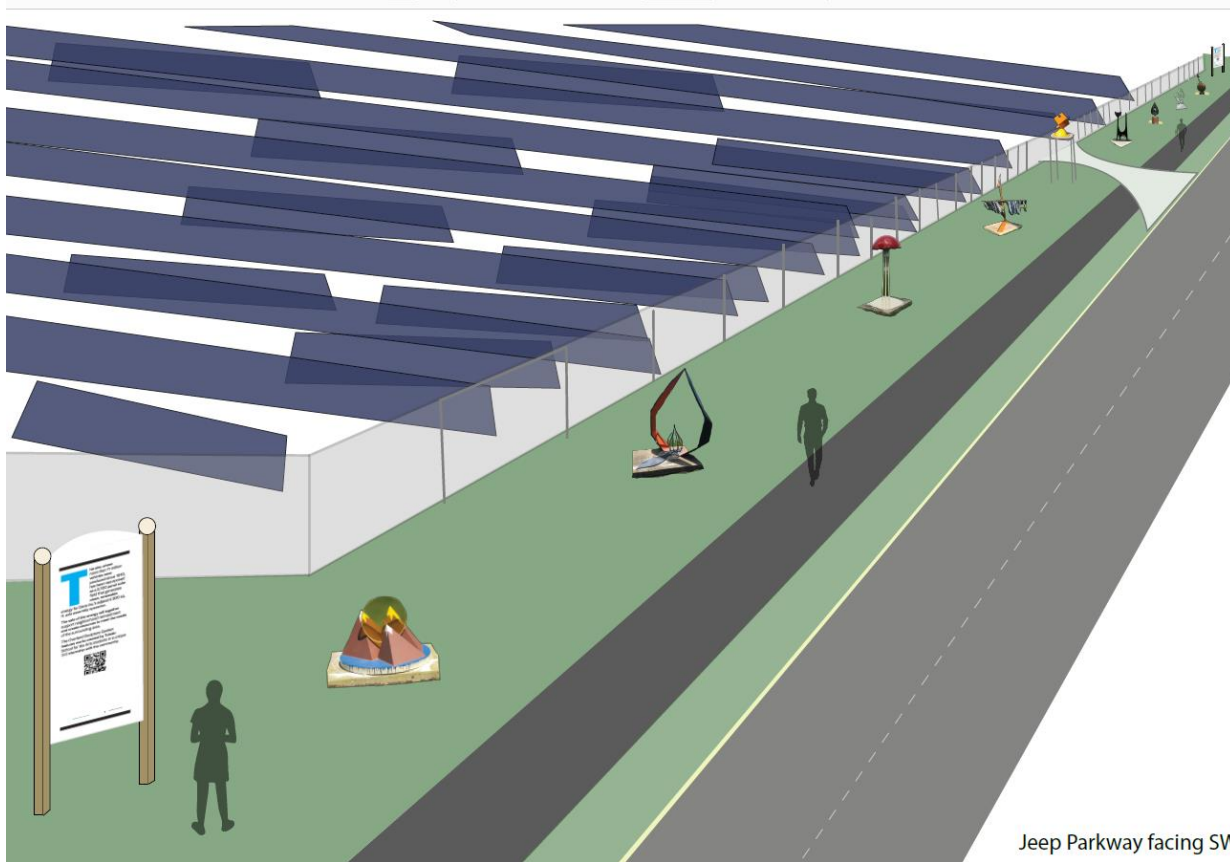
Partnerships



The
MAKULINSKI
FAMILY FOUNDATION



Toledo School for the Arts



Jeep Parkway facing SW






Patrick Johnston

V.P. Community Investments


Greater Toledo Community
Foundation

patrick@toledocf.org

419-241-5049



Questions & Answers





Upcoming Webinar

2022

**Brownfields University VIRTUAL Workshop
Reposition and Redevelop Tough Sites:
How Communities Can Succeed in Attracting Private Investment**

Enter the world of high stakes brownfield redevelopment through a collaborative and interactive online workshop! This workshop places participants in the role of the community and owner of a contaminated and otherwise complex property. Participants work through the process of creating value and positioning the property for redevelopment.



Thank you!