Mission Success:
The Owosso Armory

HOST: LAURA BURNS | COMMUNITY IMPACT COMPLIANCE MANAGER
Guest Panelists

Jeff Deason
President/CEO
Shiawassee Regional Chamber of Commerce

Josh Adams
Executive Director
Downtown Owosso Main Street
Mission Success: The Owosso Armory

1. Recap
2. The Owosso Main Street
3. The Owosso Armory Restoration
4. The Irvin Henderson Main Street Revitalization Fund
5. The Closing Process
6. Q&A
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Webinar 2 Key Takeaways

• Find an experienced **Dream Team**
  – Historic consultant
  – Contractors experienced with historic preservation
  – Architects
  – Tax credit accountants
  – Legal professionals
  – Financial partners

• Project Readiness
  – Site control
  – Architectural drawings
  – Environmental studies
  – Budgets
  – Projections

• Think big!
  – Multiple buildings can make up a project
Webinar 2 Key Takeaways

- **HTCs and Main Street Projects**
  - Almost 50% of HTC projects are under $1 million in rehab development
  - Many local banks, real estate professionals, building owners and corporation owners use historic tax credits on the local level.
  - Check with your accountant to structure transactions and determine the eligible entities to take these historic tax credits.

*Projects both big and small—almost half (46%) of all completed projects (Part 3) were under $1 million QRE and 18% were under $250,000 QRE.*

- Under $250,000 (18%)
- $250,000–999,999 (28%)
- $1,000,000 – 4,999,999 (28%)
- $5,000,000 – 24,999,999 (20%)
- Over $25,000,000 (6%)
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Historical Owosso, Michigan

- Founded in 1859
- Population of 15,000
- Home to the Curwood Castle, the former writing studio of James Oliver Curwood, a famed action-adventure writer of the early 1900s
- In his honor, the city holds an annual Curwood Festival that features writing contests, crafts, and a parade
- The Owosso Downtown Historic District was listed on the National Register of Historic Places in 2015
The Owosso Main Street

• Member of Main Streets America Program

• Main Street Coordinators act as a connector at the local level to support community transformation efforts

• Main Street connects preservation efforts to funding opportunities like NTCIC’s Main Street Revitalization Fund
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The Owosso Armory

• The Owosso Michigan National Guard Armory was constructed in 1915.

• During World War I, Company M deployed from the Armory for France.
  – These soldiers took part in the Battle of Argonne-Seuse and were among the first American troops to set foot on German soil during the war.

• By mid-century the Armory was home to the 144th National Guard unit.

• Armory served as a community space by hosting debates, prize fights, weddings and artists

• In 2007 the 144th left the nearly century-old building for a modern facility and the Armory remained vacant until it’s redevelopment in 2017
Revitalization Efforts

• Led by the local community and designed to catalyze economic development

• The idea for the project originated from within the Shiawassee Chamber of Commerce whose mission is to stimulate economic development in Owosso and Shiawassee County

• The goal of the Armory is to create and spin out new businesses into the community by offering a range of office spaces including turnkey office spaces, cubicle-like spaces, and individual desks

• Initial starts in 2013
  – Worked with a developer and created an early cost model

• Encountered early predevelopment challenges
  – Reached out to several lenders
  – Financing gap even with historic tax credits
Revitalization Efforts
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The Irvin Henderson Main Street Revitalization Fund

Provides up to $2 million in tax credit financing to support transformational historic rehabilitation projects in Main Street communities

### Location
Located in a Low-Income Community that has:
- Poverty rates greater than 30%; or
- Median incomes less than 60%; or
- Unemployment greater than or equal to 12.45%
- Poverty rate, median incomes and unemployment rate are based on 2011-2015 ACS data

### Size
- Qualified rehabilitation expenditures should be between $4MM - $8MM
- All other sources of financing have been confirmed

### Readiness
- National Park Service (NPS) Part I is complete
- Part II should already be submitted to NPS, if not already complete
- All local approvals have been received and building permits have been issued
- Architectural drawings have been prepared and general contractor has been identified

### Impact
Community impacts must include:
- Housing locally-owned and small community businesses
- Creating quality jobs accessible to low-skilled workers
- Support from the local community
- If there are residential units, at least 20% must be set aside at below market and leased to households earning 80% AMI or less

### Structure
The NTCIC MSRF will invest in both the NMTCs and HTCs. A project cannot elect to take only HTC or NMTC equity.
- A leverage NMTC structure with an HTC master tenant structure will be utilized
- No other NMTCs can be utilized outside NTCIC’s investment
- A third party will be required to bridge the majority of financing needed during construction

### Tax Credits
- HTCs are enhanced with NMTCs
- Employs a simpler structure to help minimize legal fees and transaction costs
How it Helps

- Targets historic preservation efforts in Main Street communities
- Historic Tax Credits are combined and enhanced with New Markets Tax Credits to provide additional equity into a project
- Financing partnerships with legal and accounting experts cap transaction fees
- Offers above market pricing and more attractive rates than traditional real estate financing
- Provides vital gap financing for projects that have $4MM - $8MM in QREs

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The Closing Process

• All sources of funding are identified and secured

• Lenders, CDEs, investors, and project sponsors engage their individual counsels as well as tax credit accountants to begin negotiating terms and determining how the funds will flow

• Project sponsors are simultaneously working with the construction and development teams to finalize plans
The Closing Process
Main Street Toolkit

• Partner with NTCIC
  – NTCIC will provide assistance and guidance as you navigate the process of financing local historic preservation efforts
  – We can help you ready a Main Street preservation project to apply for allocation through the Main Street Revitalization Fund

• Reach out to your local Main Street program
  – Become a member and gain access to toolkits, seminars, leadership training and more help you support revitalization efforts in your community
The NTCIC Community Impact Survey

www.surveymonkey.com/r/mainstreetssurvey
Questions?

For any questions we are not able to answer during the presentation, be sure to reach out to us and we will be happy to help!

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Advocacy Efforts – We Need Your Help!

• Federal Historic Tax Credit Advocacy
  – Encourage Members of Congress to co-sponsor legislation, set to be introduced this spring, that will bring more value to HTC transactions and encourage more investment in smaller projects

• The New Markets Tax Credit is set to expire in 2019
  – Ask your members of congress to co-sponsor the NMTC Extension Act (H.R. 1680 and S. 750) which would make the NMTC permanent in the code

• State Efforts
  – Connect with State-wide preservation and development leaders to create or enhance your state historic tax credit
  – Touch base with state-wide economic development leaders to learn if there is a state NMTC or efforts to enhance/enact one

Contact NTCIC’s Director of Public Policy for more information: mphillips@ntcic.com
To learn more about the National Main Street Center please visit our website or send us an email.

Website: www.mainstreet.org
Email: mainstreet@savingplaces.org
For More Info & To Submit Your Project:

NTCIC.com