



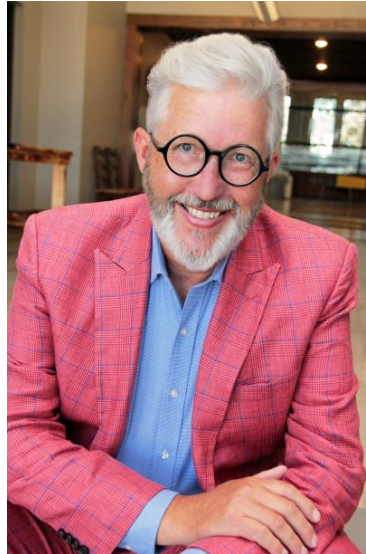
National Trust Community
Investment Corporation

a subsidiary of the
National Trust *for* Historic Preservation

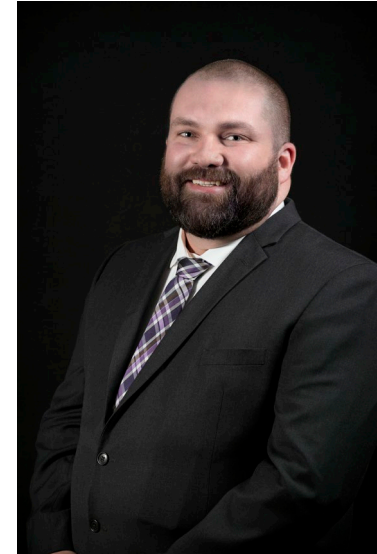
Mission Success: The Owosso Armory

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

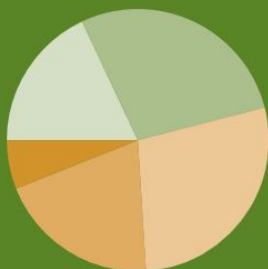


Webinar 2 Key Takeaways

- **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%)

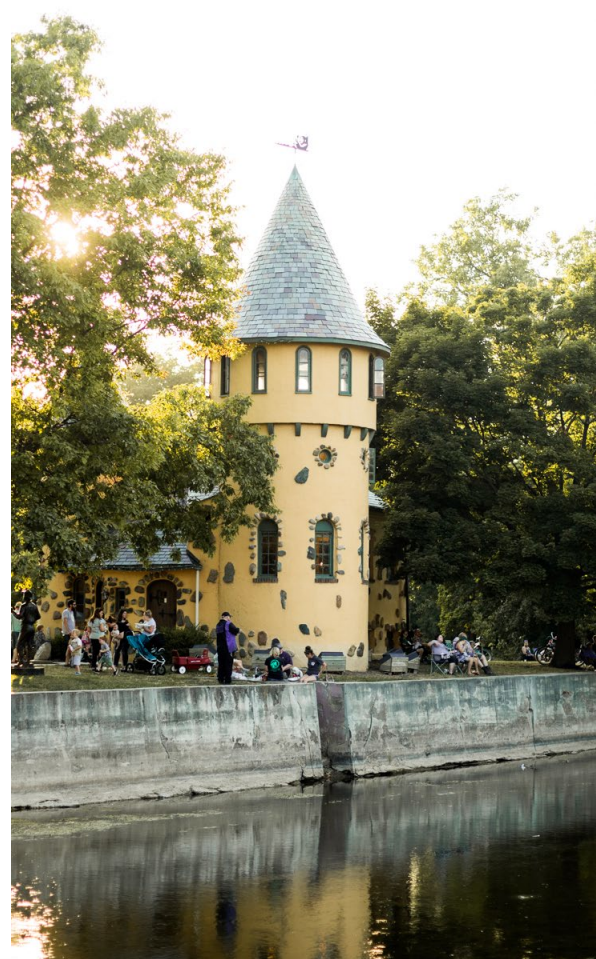


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Historical Owosso, Michigan

- 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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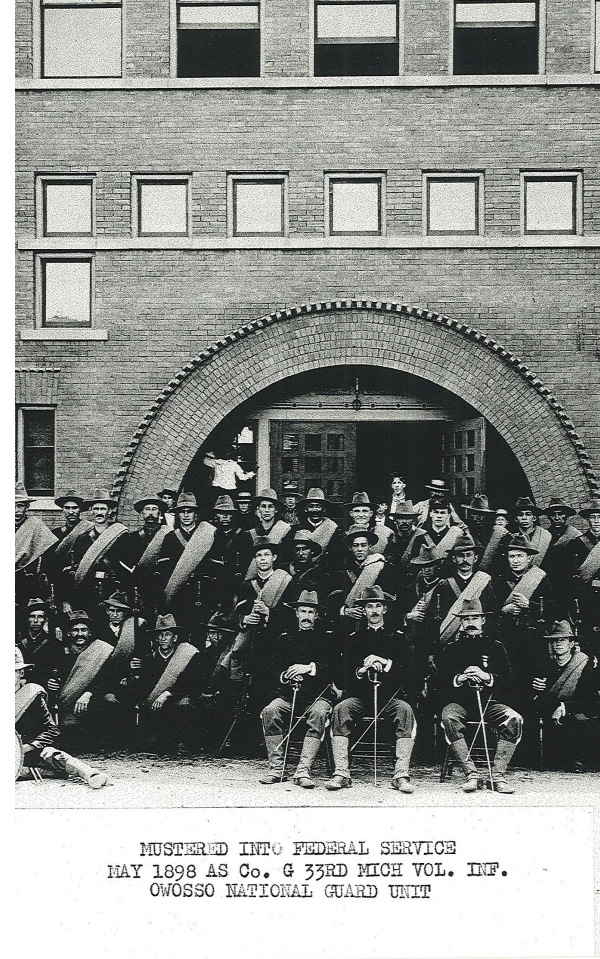
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The Owosso Armory



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 been vacant until its restoration 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

1 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

2 Size

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



3 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

4 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



5 Tax Credits

- HTCs are enhanced with NMTCs
- Employs a simpler structure to help minimize legal fees and transaction costs

6 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

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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5 Tax Credits

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- Employs a simpler structure to help minimize legal fees and transaction costs

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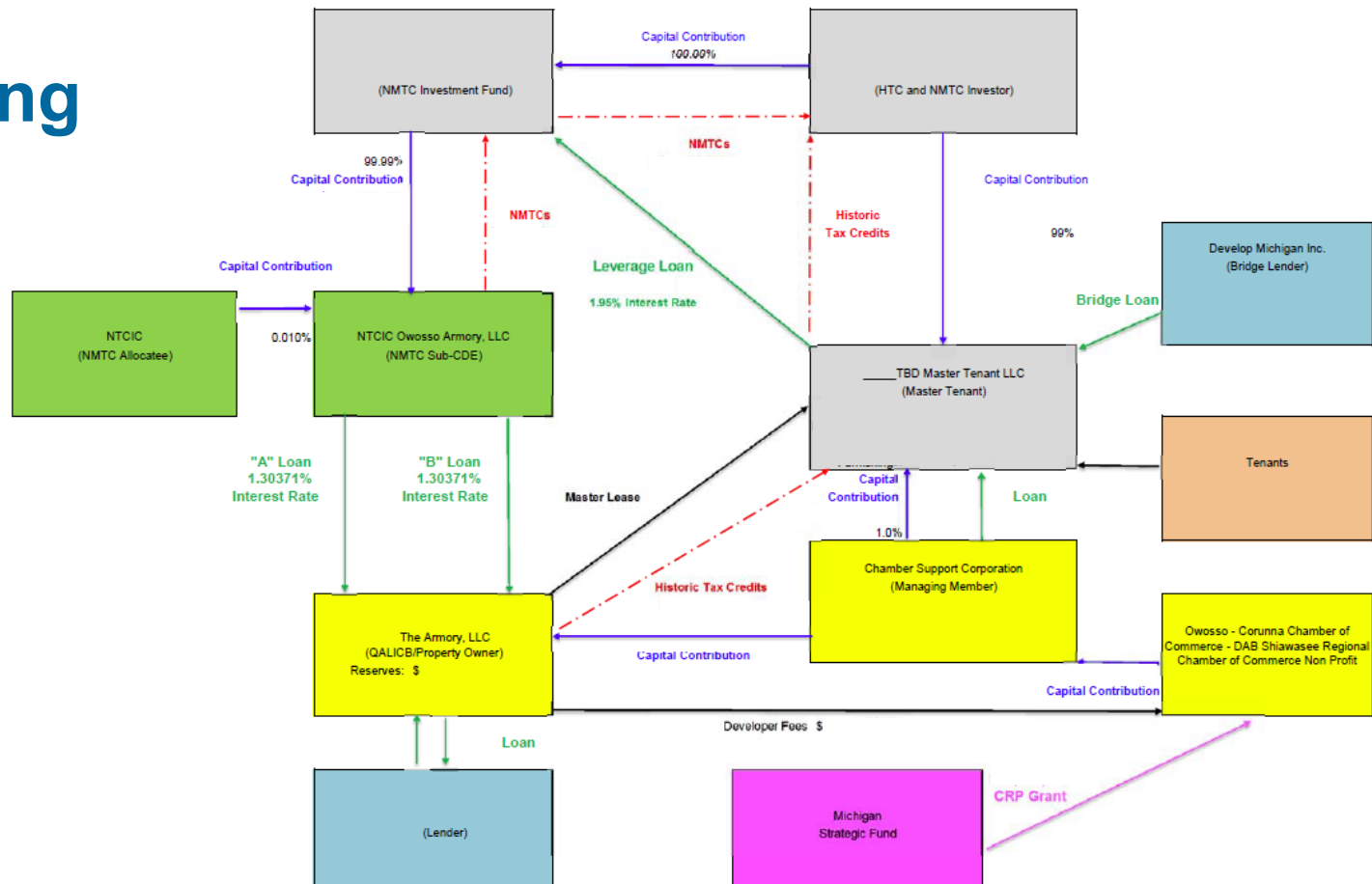
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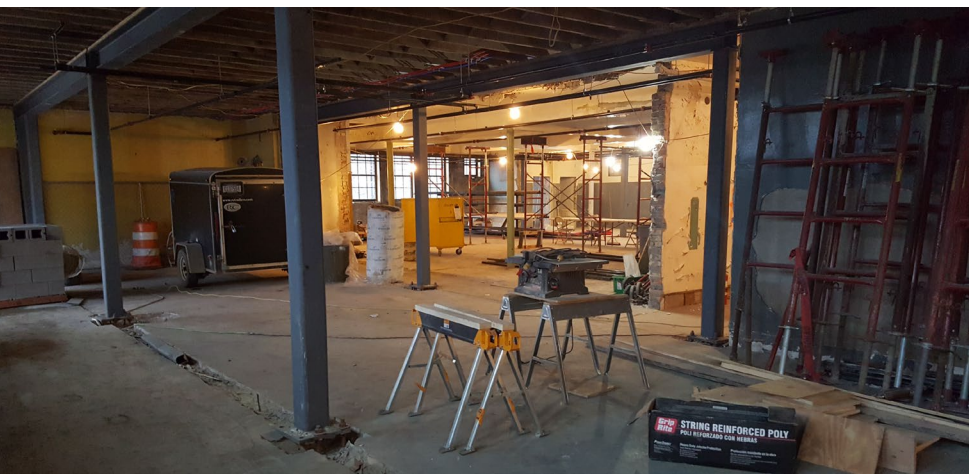
The Closing Process

- 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/mainstreetsurvey

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!

Laura Burns | lburns@ntcic.com

Josh Adams | downtownowosso@gmail.com

Jeff Deason | jdeason@shiwasseechamber.org

William Fiederlein | wfiederlein@ntcic.com

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



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