

Hood Building Project

Ami Huffman

How it all started.....

Jay County Development Corporation worked with industry, local elected officials, the community, and Purdue Community Regional Development Center on the 2018 Strategic Plan and determined that the need for housing in Jay County is so great that it became one of the four areas of focus for the corporation. In the Fall of 2018, Dr. Michael Hicks presented at John Jay Center for Learning and Jay County was the ONLY county around that was shown to be profitable on new housing. Jay County was praised for being an outlier in the fact that we are always working together and digging in to make things happen. Happening at the same time, the City of Portland Downtown Revitalization Planning process started, and R&B Architects started their examination of the downtown by looking at parking, potential upstairs apartments, potential housing development, placemaking, wayfinding signs and a lot more, which is in the planning document. Also examined, the projects that have been recently completed and the projects planned for the near future. It had been rumored for some time that the newspaper was for sale, rumored that both the radio and newspaper was for sale, but it was somewhat of a reoccurring rumor throughout the years.

During discussions about housing and where housing in the downtown could be located started because adding housing and residents close to downtown is a proven way to revitalize. Housing is also a large component of the Stellar Designation – your community housing plans, housing studies, and housing for specific populations, such as seniors. Different sites throughout the downtown were evaluated for various components that developers want when looking at potential opportunities. There were two sites noted for potential housing developments. The first site would require multiple acquisitions but was more visible to through downtown travel. The Hood Building was identified by showing where Blaine Pike was being paved and sidewalk added as a future INDOT project. Walking out the back could take you to a sidewalk to the park, cemetery, ballpark for a Rockets game, or to the Animal Shelter to volunteer. Going out of the front door, the ability to easily connect to the downtown. This is where the circle started that pointed to the Hood Building for a future site of targeted development. These concepts were floated by several local leaders that were asked to stop in and visit a colorful crazy display of thinking, rationale, and projects in the Community Resource Center. The colorful sheets were moved to my office soon after so I could work from them for the Stellar Letter of Interest submission.

Lesson Learned: Developers often start with a multi-unit development before tackling single unit condos or upper floor apartments to get enough investment to have on site maintenance/leasing managers.

The Jay! Region was named a Stellar Designation Finalist happened May 18th!

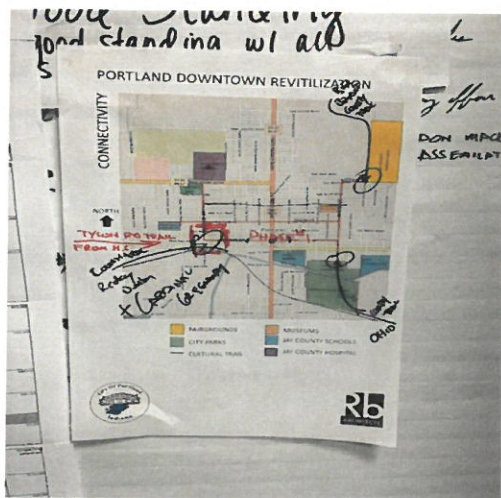
Stellar Foot Note:

The themes through the Stellar Designation are the following:

- 1. Everyone is on the same page, working together, and it's a positive atmosphere.*
- 2. Planning completed – together!*
- 3. Shovel Ready! This means ready for development, poised for growth, community together! All environmental ready, site acquired, matching funds lined up or an idea of where they come from, and utilities investigated.*
- 4. Capacity. Proving we can pull off big things together and are able to see the bigger picture through our planning.*

Knowing these themes, that we have two sites for possible development, and armed with a Housing Study that shows the need for ALL types of housing in Jay County, R& B Architects (firm hired to do the City of Portland Downtown Plan) and I called in the utilities to see which sites could handle the electricity load and other utilities. After some time, it was determined that both sites had the capacity available for a development.

Shortly after being named a Stellar Finalist and after the utility meetings, Jack Ronald came to my office to discuss who I have had do environmental reviews on projects and competitive pricing. I know what that means and since he isn't doing utility work, I asked what is for sale. He told me the paper. Commercial Review and Hood Building and with the past conversations about housing, I asked if there would be interest in discussing the property and pointed to the wall in my office with this:



The red square was indicating the area for development and the connectivity options and possibilities around it. Jack Ronald was surprised when I pointed it out and said he was open to any discussions.

Jack Ronald was selling the building and newspaper together. I have no idea what those numbers were, and nor would I ever ask or think it is my business to know such or entertain the hearsay. I did learn the following:

- The Commercial Review and The Graphic are governed by a board, not just owned by Jack Ronald.
- The property in discussion is held and titled in the name of The Graphic, which owns The Commercial Review and The Graphic Printing Company.
- There are shares held by the board members. Jack Ronald does hold shares of the company but is not the majority share holder as he owns less than 50% of the shares.

The Hood Building

Hood Building Specs: 309 W. Main St. Portland, IN

Lot: 0.91 acres

Buying Price: \$300,000

Assessed Valuation: \$267,700.00 (market usually 20% above AV), which makes the asking price under the approximate market value.

- Building has a Phase I completed and a “clean” Phase II Report completed (approx. \$20,000 value to have this in hand).
- The Portland Downtown Plan presented the idea for adaptive reuse in the Hood Building and in conversations with the CR, they indicated interest in staying as a long-term tenant.
- Building in great shape, no leaking, concrete building.
- This site was more attractive also to the developer because it would be eligible for a 20% Historic Tax Credit.
- The Building has been inspected by the Forza Architect, by the Jay County Engineer, and by an engineer working with R&B Architects.

Rumor Mill: I have heard the building isn't stable. It has been investigated by Forza's Architect, R&B's Structural Engineer by pictures, and the Jay County Engineer, Dan Watson. It was built to be added onto. On investigation, it is thought that more would have been added to it but the economy dipped and it remained the same – the transitions can be seen in the change in the brick on the exterior. It was built in sections and is concrete. The outer brick is a “curtain wall” that is NOT load bearing. It will be checked, and anything needed will be done upon construction. This has been communicated at the joint PEDC/RDC Meeting held in June. It was recommunicated at the JCDC Board Meeting and the PEDC meeting in July.

Thoughts on Location: I have heard “who wants to live in Portland”, “who wants to live by the jail”, “who would pay those rental prices”? The first one makes me sad for our future and I have

no reply. The other two are easier to discuss. I urge everyone thinking this to go to the 3 and 4th floors of the building and look out the window. The view is great and maybe one of the best in the city. Younger and older generations do not want the hassle and upkeep of homeownership. There are professionals that work in Jay County at the hospital, at industries, and other places that want a nice apartment. Frankfort has had tremendous success with this and while the apartments were being leased, the vacant ones were marketed on Air B&B – making more than monthly rental. I visited downtown Frankfort and the apartments there and listened to a seminar by the developer. In planning, it is believed that this project will spur investment and change in the blocks along Main Street to Meridian Street.

Rumor Mill: Who would pay those amounts for rent? I am unsure how anyone knows the rent structure because I have not been told that has even been determined at point. I have heard that rent is going to be anywhere from \$600 a month to \$1000 per month. Rent for a two bedroom home is easily \$600 per month in Jay County so I am not sure that is out of line but rent structures will be determined at a later time and are completely up to the owner, just as they are up to local landlords now.

The Commercial Review

- The CR has an option from another newspaper to buy the building and the business, leaving no local control. This means things could drastically change from how things operate today, and coverage would likely change as well. Press is good for years to come to print locally.
- The CR employs 22 employees full time.
- The Graphic / The Commercial Review board has agreed to reinvest any proceeds from the property into the business, sustaining the local newspaper for the foreseeable future.

Misconception: The word “bailout” has been frequently used in stories to me, as in “we are bailing out the newspaper”. Bailout means that funding is given with no expectation of anything in return or it is optional to repay without fixing how the operation doing business. This is simply not that. This is a property purchase for an intended purpose. Ownership transfers, unlike in a “bailout”. It is a community benefit that the choice is to reinvest in keeping one of our assets operating locally.

Misconception: This is all going into Jack Ronald’s pocket. Jack Ronald is retiring regardless of this property purchase. The building is not owned by Jack Ronald.

The options are:

1. That the newspaper and building sell to an outside opportunity and Jack Ronald retires.
2. The Graphic / The CR Board continues as it is with a recapitalization from the proceeds from the property agreement and Jack Ronald still retires. In the situation that the The Graphic / The CR Board continues; they will name a new publisher to take Jack’s position now as the current publisher.

The Developer - FORZA

- First developer that this project has been discussed with is interested in this project and the building. Knowing that FORZA has had a history of working with local business and entities and is very community minded.

- Interested in \$4-5 million-dollar investment to add apartments on the lot owned by The Graphic/CR and leasing the bottom to the CR. The investment would be on the lot but if additional lots would happen to be needed, Forza could cross that bridge when it happens. At this time, no more land is needed to be acquired for the project.

- It is estimated at the time that between 22 and 30 apartments will be on the site. It is now being determined what mix of 1, 2, and 3-bedroom apartments will be in that number.

- Specializes in communities that are our size and was attracted to the Jay! Region as a Stellar Finalist.

- Working in Lapel, Wabash, Fortville, and Seymour currently on projects. Mayor Geesaman and I have both contacted these communities and their local governments and have received no negative feedback. It is noted that there is not a totally completed project by Forza yet, but a few are close to completion. It takes more time to work with some of the funding streams utilized by the other projects.

Misconception: I have heard we will need to purchase more property for this to happen and that isn't true. It HAS been said that Forza MAY seek additional lots in the future but for planning, they are planning everything on the lot how it is. It is an approximately \$5 million-dollar investment on this lot alone but if decided to go larger and add more lots, could go closer to \$8 million.

Thoughts on "Forza should have skin in the game": This has been discussed numerous times at most meetings. While Forza has a great track record so far and we are delighted that they see all the potential that we do in Jay County, it has been the consensus that adding them to a PEDC agreement and as another partner could muddy the waters later. IF something should happen to Forza in the holding period, if we have local control, we can court another developer without being held up. IF something happens to the housing market in the holding period, another great use may surface, and we can shift gears. While the intent is to continue with Forza and do this, discussions have led to it being a better option to hold it locally, so we are in control.

The PEDC

- Josh Atkinson, Attorney for PEDC is assisting in the legal process and the lease agreement structure in representing the PEDC. PEDC voted to hold the building until the developer is ready and use EDIT funds for the purchase, contingent upon City Council approval.

- Lease CR the bottom 2 floors, press runs around 20-25 mins a day and barely felt on 3rd and 4th floors.

- Lease structures can vary – 3-way lease possible (lease payments, taxes, and utilities).

- If there are profits from selling the building, it can be decided that it goes back to PEDC or reinvested in the project.

- This is well within the scope of what PEDC was designed for and their past history of building and holding spec buildings until the right business prospect develops and locates within the building.

The PEDC met June 5th and there was a public meeting with the PEDC and the RDC held June 17th. They voted to hold the building and ask for funding on July 16th.

The Funding Mix

Jay County Development Corporation was awarded \$50,000 each for the 4 top priority areas of the approved strategic plan. This was wind farm funding from the first Jay County wind farm development. It was requested and approved to use \$50,000 from the housing category and \$25,000 from the infrastructure category, for \$75,000 from those strategic plan funds. Another \$25,000 from EDIT was added to it. Economic Development Income Tax is a tax that was approved by the county for development or to serve as the catalyst for development.

Stellar Matching Funds and Thoughts

Clarification is being investigated on a recent change in Stellar Matching funding, but *this project would count towards our match*. It demonstrates that we are working on our own, together, to make things happen. We aren't sitting and waiting on the designation to do something. We aren't turning down opportunities but rather doing all we can to seize them.

Thoughts on the sale of the property: The property could be sold to the developer, used as incentive, or as part of the matching funds for Stellar. In our application going in September 20th, if this were to happen, it would be able to be listed as matching funds used. There is more discussion to have about matching funds in the near future.

Fortunate ripples of the property acquisition....

- Keep local control of a local building asset.
- Save 22 jobs!
- Save the local newspaper and the local coverage.
- Local accountability through coverage throughout Jay County.
- Demonstrate that we can work together to make big things happen and aren't sitting back waiting for the Stellar Designation.

Questions were asked of Forza after they met with PEDC and RDC in the joint public meeting. Here are those questions and answers from Forza:

1. Would you be willing to put some funds in with us as a partner?

We are but later as there are too many unknowns including the status and capacity of your TIF. We have delivered a letter of intent so the next would be to engage in a purchase agreement with pedc once the pedc takes titles and would likely include earnest money.

2. Would you be willing to do a purchase agreement with PEDC?

Yes. A purchase agreement that would meet your timeline provided by a 3rd party that we will pay for.

3. Do you have a funding plan?

We will be preparing a proforma and capital stack parallel to all of us working together to redevelop the site. On similar projects we've combined the 20% historical tax credits with, with hrpg funds - OCRA, local facade program, and our investors equity (which is generally 30% of the total project) to complete the project.

4. What is the scope of the project?

The rehabilitation of the existing building on site and full development of the site with the likely intent of new construction to increase capacity. The finished products will be accessible class A structures. We use building materials and products that will have a 30+yr life cycle.

5. Best case scenario and worst-case timelines?

Best case timeline 16-18 months to open the buildings.

Worst case 2-3 years before we open the building.



May 30, 2019

Jay County Development Corporation
118 South Meridian Street, Ste B
Portland, IN 47371
Attn: Ami Huffman

Re: **Letter of Interest for the Hood Building - 309 W Main St., Portland, Indiana**

To whom it may concern:

As you know, Forza Commercial Real Estate, LLC ("Forza") is evaluating investments and projects in Jay County, including Portland, Indiana and surrounding areas. We are greatly appreciative of the professionalism and forethought of the communities in Jay County, and hope to participate and help realize the shared vision of those communities.

In particular, Forza is very interested in pursuing a modest-sized, mixed-use project at the Hood Building (and potentially some adjacent real estate). Such a project would predominately rely on an adaptive re-use of the Hood Building into apartments, but it would preserve existing commercial elements as well. Forza has a passion for authentic, historic buildings and projects that preserve historic buildings and preserve and/or create existing jobs and commerce. We believe the Hood Building to be such a project.

We understand that Jay County is pursuing a Stellar Communities Award from the State, but feel that the Hood Building project, if done with the proper community support, will be a successful and marquee project regardless of that award. In either event, we'd anticipate that the project would likely be scheduled for a start date in 2022 or 2023, depending on how the various public and private elements come together.

Thank you for your time and consideration of the project.

Forza Commercial Real Estate, LLC

By: 
John F. W. Fleming

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