## Welcome to the CEDAS Academy Economic Development Series



CEDAS Academy is a web-based educational learning series developed by the University of Connecticut Extension in collaboration with the Program Committee of the Connecticut Economic Development Association.





EXTENSION

### WebEx Housekeeping

- **Today's webinar is being recorded.** The full recording will be made available to CEDAS members on the CEDAS member portal <u>www.cedas.org</u> within about a week. Slides will be available on request and at <u>https://communities.extension.uconn.edu/</u>.
- Participant audio has been muted to prevent background noise. You may join the audio by computer or by phone. +1-415-655-0002 Access code: 648 156 441
- To submit questions, please use the chat box on your WebEx screen and submit the text to the panelists. We will be monitoring the chat box and will direct your questions to the presenters during our Q&A at the end of the presentation.
- After you close your webinar window you will be directed to an short evaluation. Please take a moment to tell us how we did!

Advancing the Practice of Economic Development in Connecticut



**Connecticut Economic Development Association** 

**Connecticut Economic Development Association, is a not**for-profit organization committed to advancing the practice of economic development within the state of **Connecticut. CEDAS encourages** communication among its members by providing a forum for discussion and information exchange.

#### Introducing the 2018 Board of Directors

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#### www.cedas.org

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**Policy Development** 

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Scholarship

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Communications

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Follow us on Twitter: @CTCEDAS Like us on Facebook: CEDAS Link on LinkedIn: CTCEDAS



Join us: www.cedas.org

## Adaptive Reuse of Historic Mills -Resources and Tools

#### A CEDAS Academy Webinar September 27, 2018 | 11:00 a.m. - 12:00 p.m. ET

This webinar is free and offered as a cooperative program of CEDAS and the University of Connecticut Extension Program in Community & Economic Development.



CEDAS INC.

EXTENSION

#### **Today's Presentation**

This webinar is part of our Reuse, Recycle, Rejuvenate Series and we hope you learn:

- The status of adaptive reuse in Connecticut as well as resources, programs and policies that your community can use to get started
- Lessons learned from other communities in working to adapt and reuse an historic structure
- Resources and tools your community can use to engage small or larger scale adaptive reuse of structures

### **Our Presenters**



**Renee Tribert, Program Manager, Making Places Program, Connecticut Trust for Historic Preservation** Renée Tribert joined the Connecticut Trust as Project Manager of Making Places in 2014, after sixteen years in environmental consulting. She has an MS in Historic Preservation from the University of Pennsylvania, is a published author, and has been curator at the Harriet Beecher Stowe House and collections manager at the New Britain Museum of American Art. Connecticut Trust staff work with preservation and community groups, municipalities, organizations and individuals to identify and provide tools and guidance for preservation.



#### Jason Vincent, AICP

Jason Vincent, AICP is Director of Planning for the Town of Stonington. Jason worked in both the public and private sectors on various economic development initiatives over the past 22 year. Since 2002, Stonington has approved four adaptive reuse mill projects, providing over 150 multi-family housing units (34 affordable) and enabling over \$50MM in private investment.



#### RESTORING AND REUSING OUR INDUSTRIAL HERITAGE

Renée Tribert Making Places and Preservation Services



### We assist and champion historic places







### We protect and invest in historic places





### We identify and promote historic places

cttrust.org towngreens.com connecticutbarns.org lhdct.org





#### Historic Barns of Connecticut





Local Historic District and Property Commissions in Connecticut



## Making Places



Historic Resource Inventory

Financial/ Technical Assistance

> Clearinghouse Network

> > CT.TRUST FOR HISTORIC PRESERVATION







#### A PROJECT OF THE CONNECTICUT TRUST FOR HISTORIC PRESERVATION



Section 199







## Obstacles

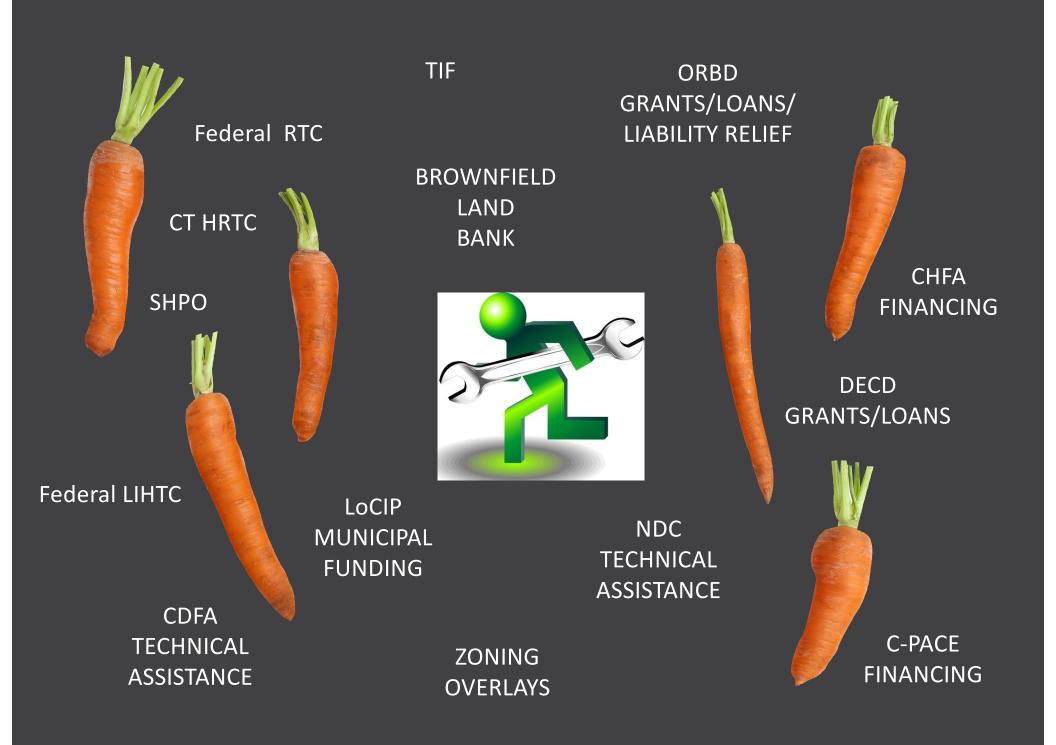
Size Physical condition Environmental issues Zoning considerations

 $A \land$ 

## Opportunities

Location Flexibility Interior Space Financial Incentives

















Trending Re-uses



- Residential
- Mixed Use
- Office
- Retail
- Industrial
- Restaurant
- Museum
- School



## Montgomery Mill Windsor Locks

## 197,000 SF

Beacon Communities Development 160 mixed income residential units Construction began in 2018

#### Funding Sources:

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<sup>t</sup> mortgage	\$ 7.2 million
HTC equity	\$17.1 million
ed HTC equity	\$ 9.7 million
Г HRTC equity	\$ 12.2 million
ECD Urban Act	\$ 4.0 million
rownfields	\$ 4.0 million
OH loan	\$ 6.0 million
F	\$ 0.5 million
eferred fee/	
wner equity	\$ 1.9 million

Project Cost:

\$ 62.6 million

Drawing courtesy Crosskey Architects

## Remington Rand Middletown





## 184,000 SF

City of Middletown Ownership through foreclosure 1999-2000 Small business incubator

Funding Sources: \$350,000 forfeited taxes \$250,000 CDBG acquisition \$756,000 DECD grant for water/sewer extension \$400,000 EPA clean-up \$213,300 ECDBG \$200,000 EPA-DECD clean-up \$200,000 DECD loan

Project Cost: Unknown - over \$2.5 million

MD LAWNCARE

COUGHLIN SERVICES

OAK RIDGE

AVAILABLE

## Hockanum Mill Rockville/Vernon



### 150,000 sf

Kaplan Millworks LLC Mixed use: New England Motorcycle Museum, motorcycle repair, brewpub In progress since 2012

Funding Sources: private equity \$296,000 Brownfields hazmat \$2 million Brownfields development loan \$750,000 Fed HTC and CT HRTC reservation

> Project Cost to Date: \$6.5 million

## Upson Nut Unionville/Farmington

### 184,000 SF



Parker Benjamin Real Estate Services LLCMixed use in large building5 residential units in small buildingWork began in 2013; lease-up started in 2015.

Funding Sources: \$1 million private equity \$1.5 million infrastructure upgrades by the town



## The Hilliard Mills Manchester



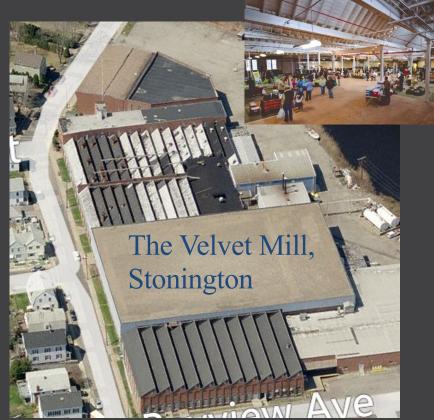
## 103,000 SF

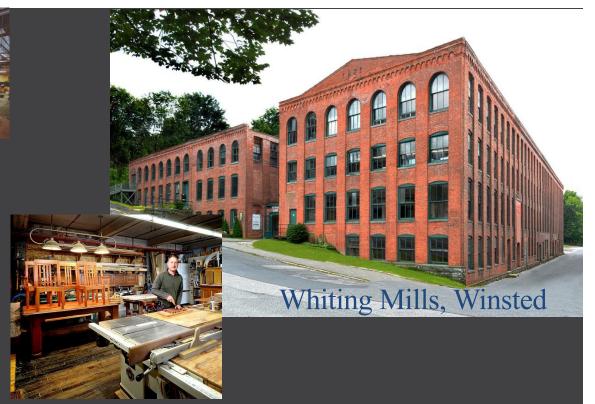
Hilliard Mills LLC Mixed Use: offices, music/recording/ photography studios, yoga, catering, brewpub

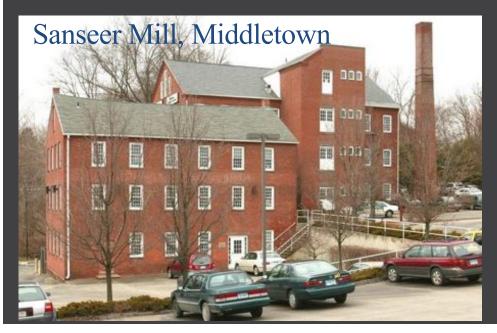
Funding Sources: private debt/equity

Project Cost: approx. \$3 million to date

Planned Activities: application for HRTC for rehab of 1895 wood frame block (far left)









## Cyril Johnson Woolen Stafford Springs

## 500,000 SF



Photos by Christopher Draghi for American Woolen Company

American Woolen Co. Industrial/textile Operations began in 2014

Funding Sources: \$300,000 DECD loan \$100,000 DECD grant for building acquisition Private Equity

Project Cost: \$5,000,000 with planned future investment

## Fafnir Bearing New Britain

### 122,850 SF



Addaero Mfg. Viking Kitchen Cabinets H & S Beverage



## **CEDAS PRESENTATION**



Jason Vincent, Town of Stonington Department of Planning Referenced resources available at <u>http://s.uconn.edu/cedasacademy</u> TOWN OF STONINGTON DEPARTMENT OF PLANNING

SEPTEMBER 27, 2018

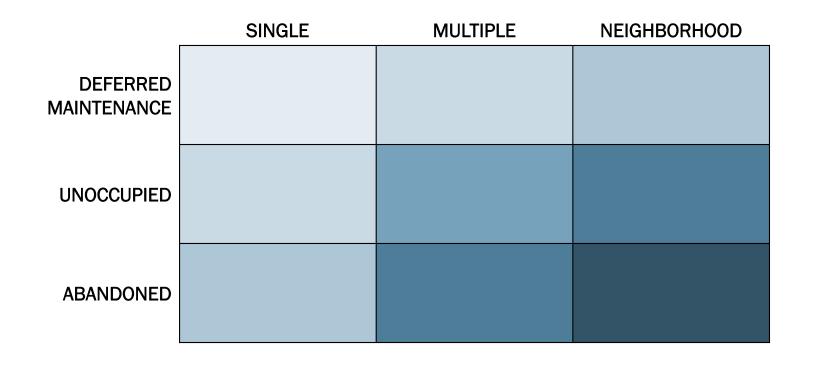
## **OVERVIEW**

- Market Alignment
- Master Plans
- Zoning
- Parking
- Code Correction
- Historic
- Dreaming

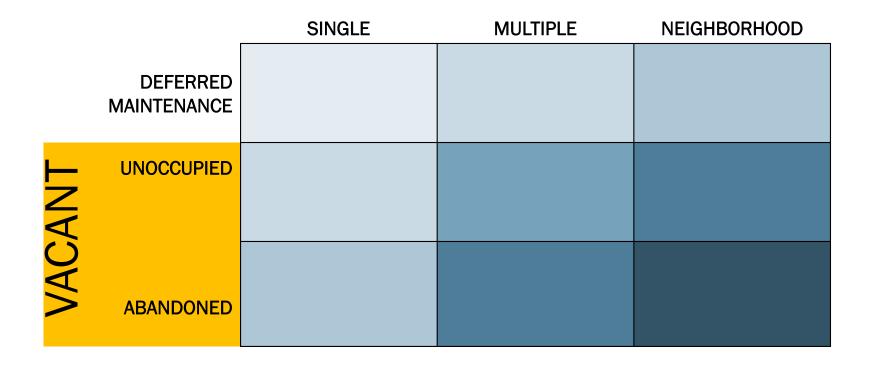
## Vacant Properties are Often Functionally Obsolete

# You Can't Fix Them With the Wrong Tools

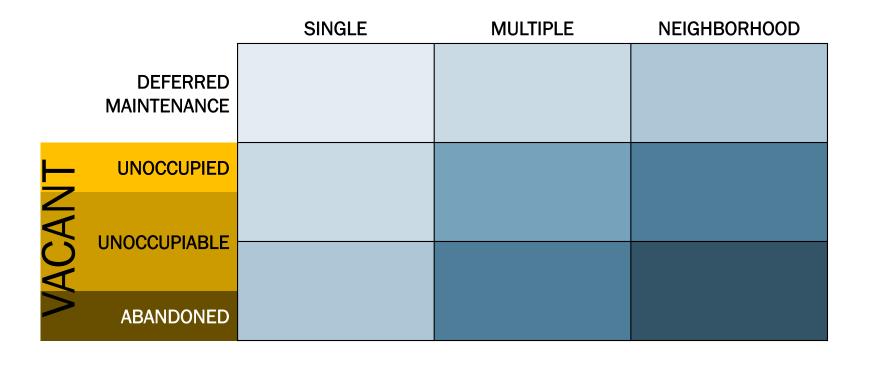




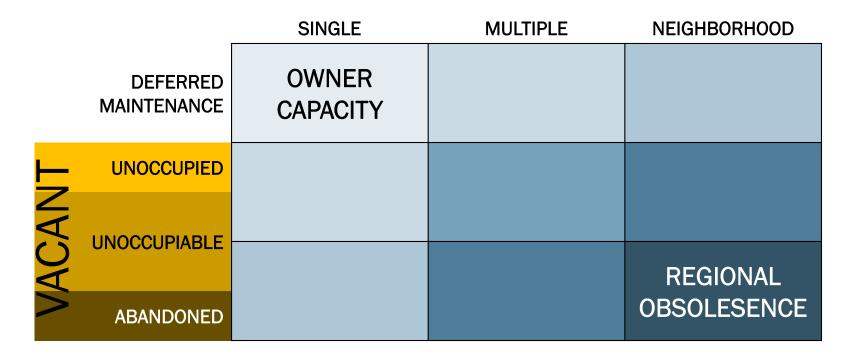




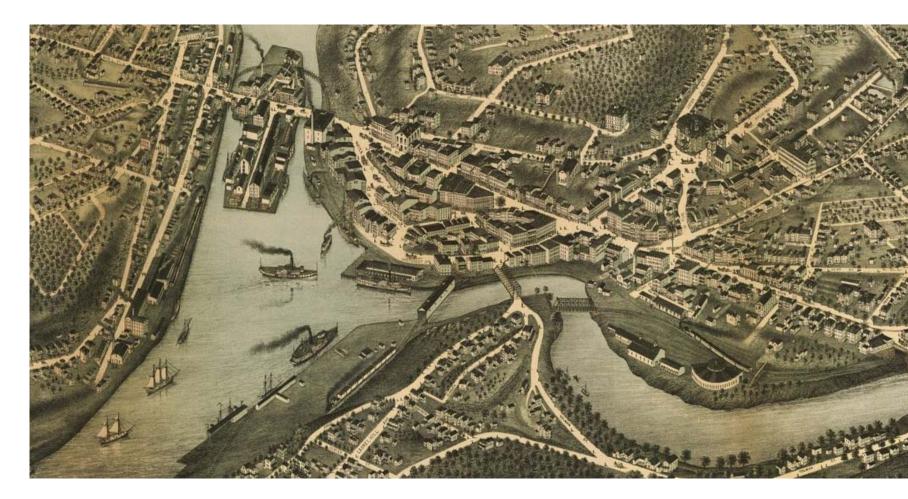






















43 ACRES OF PRIVATELY-OWNED LAND

**160 BUILDINGS** 

1.74MM SQUARE FEET OF BUILDINGS





#### 40% VACANCY 696,000 SF

43 ACRES OF PRIVATELY-OWNED LAND

**160 BUILDINGS** 

1.74MM SQUARE FEET OF BUILDINGS





43 ACRES OF PRIVATELY-OWNED LAND

**160 BUILDINGS** 

1.74MM SQUARE FEET OF BUILDINGS

40% VACANCY 696,000 SF

65% OF VACANT SPACE IS UNUSEABLE





43 ACRES OF PRIVATELY-OWNED LAND

**160 BUILDINGS** 

1.74MM SQUARE FEET OF BUILDINGS

#### PROPERTY OWNER CAPACITY



43 ACRES OF PRIVATELY-OWNED LAND

**160 BUILDINGS** 

1.74MM SQUARE FEET OF BUILDINGS

#### PROPERTY OWNER CAPACITY

ABSENT	UNDER WATER	NOT REALISTIC	NO CAPACITY	NO MOTIVATION	TOO EXPENSIVE
37%	15%	19%	29%	36%	14%



43 ACRES OF PRIVATELY-OWNED LAND

**160 BUILDINGS** 

1.74MM SQUARE FEET OF BUILDINGS

PROPERTY OWNER CAPACITY

#### MARKET ISSUES

ABSENT	UNDER WATER	NOT REALISTIC	NO CAPACITY	NO MOTIVATION	TOO EXPENSIVE
37%	15%	19%	29%	36%	14%

#### DEMOGRAPHIC & SOCIOECONOMIC REALITY

8-Minute Drive Time – Demographic & Socio-Economic Summary

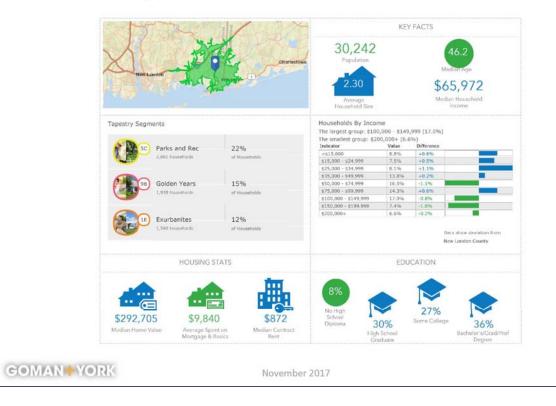




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#### DEMOGRAPHIC & SOCIOECONOMIC REALITY

13-Minute Drive Time – Demographic & Socio-Economic Summary





9

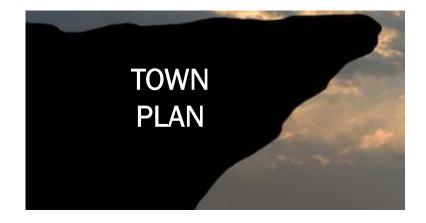
#### DEMOGRAPHIC & SOCIOECONOMIC REALITY

23-Minute Drive Time - Demographic & Socio-Economic Summary





10

















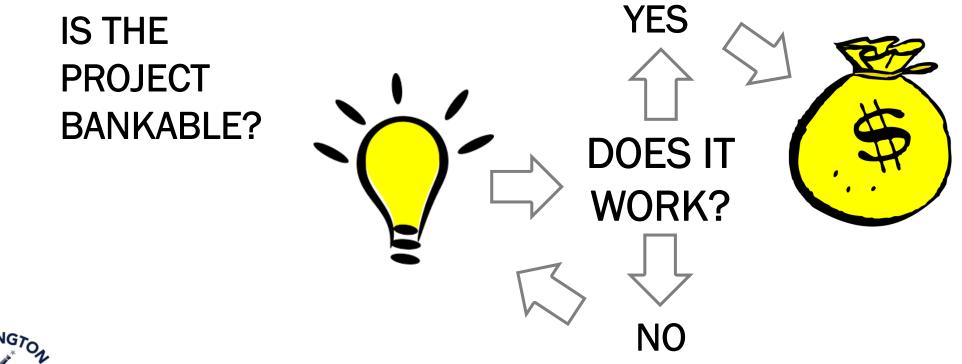




#### IS THE PROJECT BANKABLE?









50,000 Square Foot Mill





50,000 Square Foot Mill





USES OF FUNDS		
Building Size (SF)	50,000	
TOTAL COST		



USES OF FUNDS		
Building Size (SF)	50,000	
Construction Cost/SF	\$250	
TOTAL COST		



USES OF FUNDS		
Building Size (SF)	50,000	
Construction Cost/SF	\$250	\$12,500,000
TOTAL COST		



USES OF FUNDS		
Building Size (SF)	50,000	
Construction Cost/SF	\$250	\$12,500,000
Land Cost	\$500,000	
TOTAL COST		



USES OF FUNDS		
Building Size (SF)	50,000	
Construction Cost/SF	\$250	\$12,500,000
Land Cost	\$500,000	
TOTAL COST	\$13,000,000	



SOURCES OF FUNDS		
Equity	?	
TOTAL FUNDS		



SOURCES OF FUNDS		
Equity	\$3,250,000	25%
TOTAL FUNDS	\$13,000,000	

**Traditional Bank** 

Life Insurance Company (not too excited about mills)

CHFA

Fannie Mae

HUD



SOURCES OF FUNDS		
Equity	\$3,250,000	25%
Debt	\$9,750,000	
TOTAL FUNDS	\$13,000,000	

Debt Leveraging

TIMING IS KEY



SOURCES OF FUNDS		
Equity	\$3,250,000	25%
Debt	\$9,750,000	
Other Equity (Grants, Tax Credits)		
TOTAL FUNDS	\$13,000,000	

State and Federal Historic Preservation Tax Credits

Low Income Housing Tax Credits

State Programs (e.g., CHAMP, HOME, Housing Trust Fund, Pre-Dev. Loan Program)



SOURCES OF FUNDS		
Equity	\$3,250,000	25%
Debt	\$9,750,000	
Other Equity (Grants, Tax Credits)	?	
TOTAL FUNDS	\$13,000,000	

#### QUICK GAP ASSESSMENT

7-YEAR DEBT SERVICE	\$1,392,857	\$9.75MM/7
Minimum Rent Needed (SF)	\$28	\$1.3MM/50,000
Market Rents (SF)	\$15	Market Intel
DIFFERENCE (SF)	(\$13)	GAP



\$200/SF (\$8) \$150/SF (\$2)

USES OF FUNDS	
Building Size (SF)	50,000
Construction Cost/SF	\$250 \$12,500,000
Land Cost	\$500,000
TOTAL COST	\$13,000,000

#### QUICK GAP ASSESSMENT

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Building Size (SF)	50,000	
Construction Cost/SF	\$250	\$12,500,000
Land Cost	\$500,000	
TOTAL COST	\$13,000,000	

#### QUICK GAP ASSESSMENT

Minimum Rent Needed (SF)

**7-YEAR DEBT SERVICE** 

Market Rents (SF)

DIFFERENCE (SF)

\$20/SF (\$8) \$30/SF

\$3 \$2





AM 7YRB
AM 7

Cash Flow	(365,000)	(\$7/SF)
Debt Coverage Ratio (DCR)	0.57	<1 = NO GOOD





# Many Mill Sites **Do Not Conform!**





SINGLE SITE

MULTIPLE SITES

NEIGHBORHOOD

MULTIPLE NEIGHBORHOODS

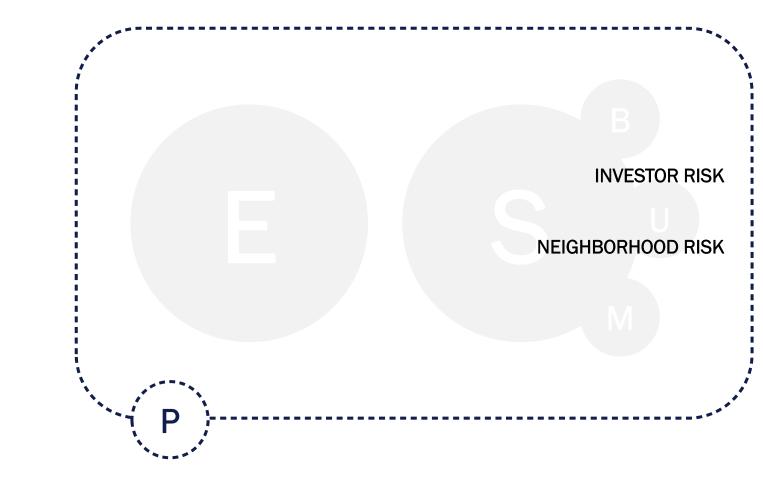




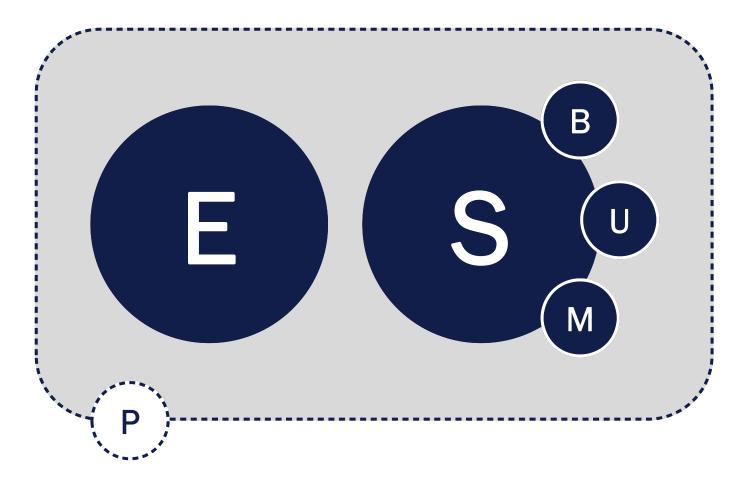














#### INDUSTRIAL HERITAGE REUSE DISTRICT

E | MILLS IDENTIFIED IN THE POCD

**B| NO MINIMUM LOT SIZE** 

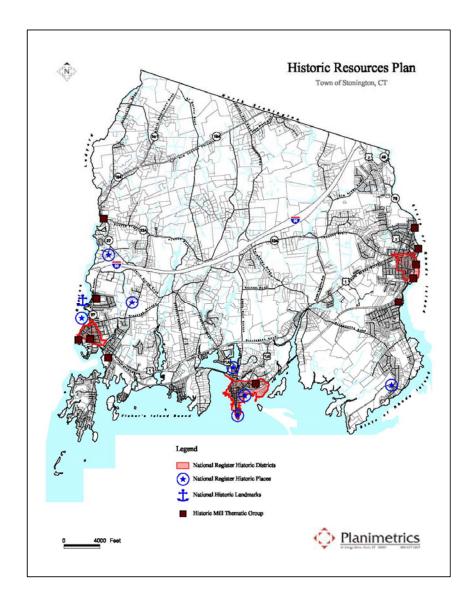
B | 1 DWELLING UNIT/1,000 SF OR 10/ACRE

M | 1 PARKING SPACE/DWELLING UNIT

U | PROHIBITED USES



P | MASTER PLAN PERMIT PROCESS

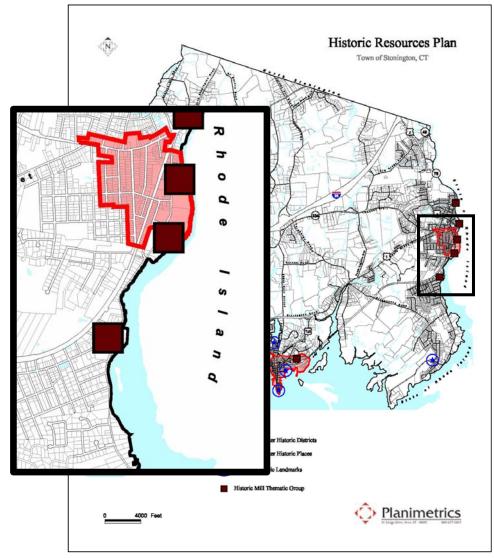


### INDUSTRIAL HERITAGE REUSE DISTRICT

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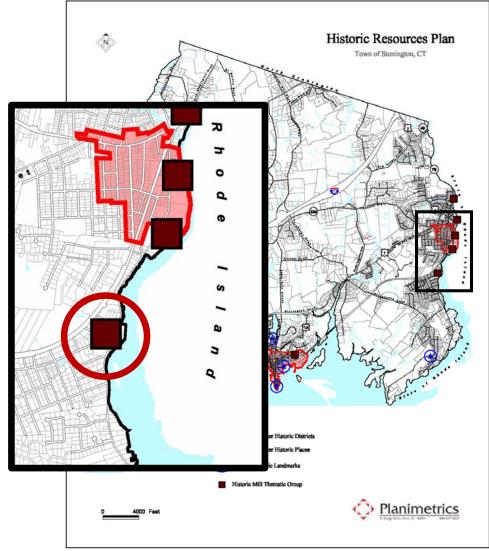


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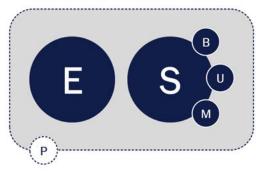


#### INDUSTRIAL HERITAGE REUSE DISTRICT

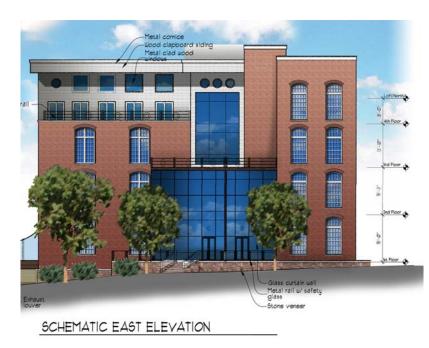
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- M | 1 PARKING SPACE/DWELLING UNIT
- U | PROHIBITED USES



P| MASTER PLAN PERMIT PROCESS



MASTER PLAN PROCESS IS A NEIGHBORHOOD RISK MANAGEMENT PERMIT STRATEGY



#### INDUSTRIAL HERITAGE REUSE DISTRICT

E| MILLS IDENTIFIED IN THE POCD

**B| NO MINIMUM LOT SIZE** 

B | 1 DWELLING UNIT/1,000 SF OR 10/ACRE

M | 1 PARKING SPACE/DWELLING UNIT

U | PROHIBITED USES



P| MASTER PLAN PERMIT PROCESS

58 DWELLING UNITS 34 AFFORDABLE (59%) \$26.3MM INVESTMENT \$217/SF \$7.6MM APPRAISED VALUE



#### HERITAGE MILL DISTRICT

E | REZONED TWO MILL PROPERTIES

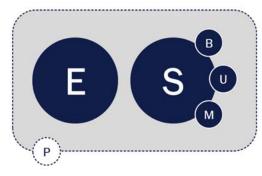
B | 20,000 SF MINIMUM LOT SIZE; 100' FRONTAGE

B | NO SETBACKS

**U** | MORE ELIGIBLE USES THAN PRIOR DISTRICT

P | EASIER PERMIT PROCESS FOR MOST USES THAN PRIOR DISTRICT





ZONING PERMIT PROCESS IS AN INVESTOR RISK MANAGEMENT PERMIT STRATEGY

#### HERITAGE MILL DISTRICT

- E | REZONED TWO MILL PROPERTIES
- B | 20,000 SF MINIMUM LOT SIZE; 100' FRONTAGE
- B | NO SETBACKS
- U | MORE ELIGIBLE USES THAN PRIOR DISTRICT
- P | EASIER PERMIT PROCESS FOR MOST USES THAN PRIOR DISTRICT



### HERITAGE MILL DISTRICT

82 MECHANIC STREET

9 ACRES

220,000 SF





### HERITAGE MILL DISTRICT

82 MECHANIC STREET

9 ACRES

220,000 SF

**7 BUILDINGS** 





#### COLLATERAL

### HERITAGE MILL DISTRICT

82 MECHANIC STREET

9 ACRES

220,000 SF

7 BUILDINGS



APPRAISED VALUE LAND \$285,000 BUILDINGS \$613,500



### HERITAGE MILL DISTRICT

82 MECHANIC STREET

9 ACRES

220,000 SF

7 BUILDINGS



APPRAISED VALUE LAND \$285,000 BUILDINGS \$613,500

SUBDIVISION > CONDO



### HERITAGE MILL DISTRICT

**REDEFINE 82 MECHANIC STREET** 

2.3 ACRE PARCEL

30,000 SF BUILDING





#### COLLATERAL

### HERITAGE MILL DISTRICT

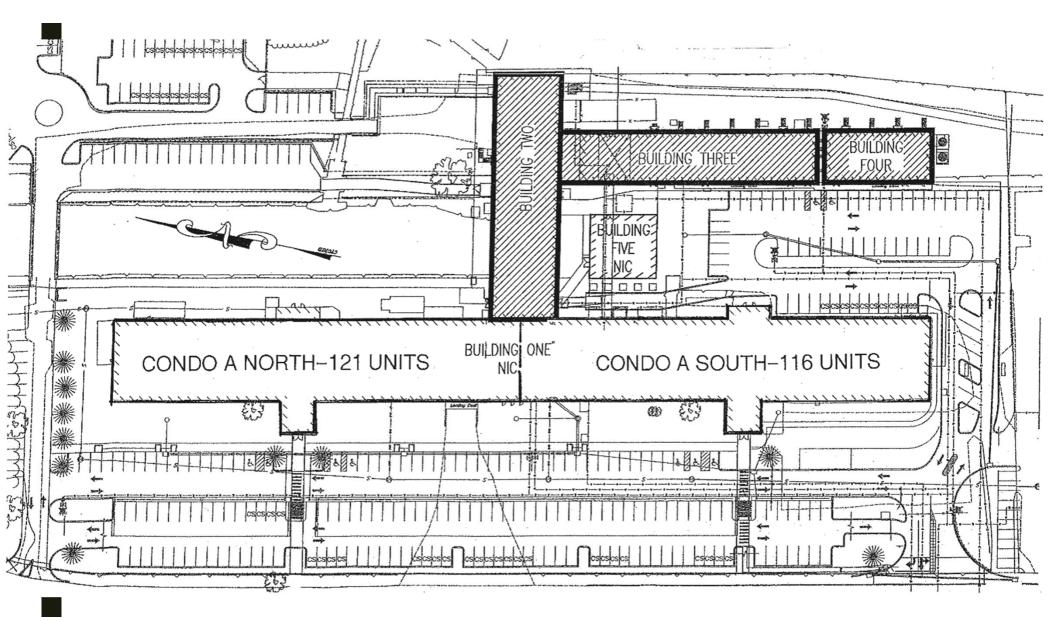
**REDEFINE 82 MECHANIC STREET** 

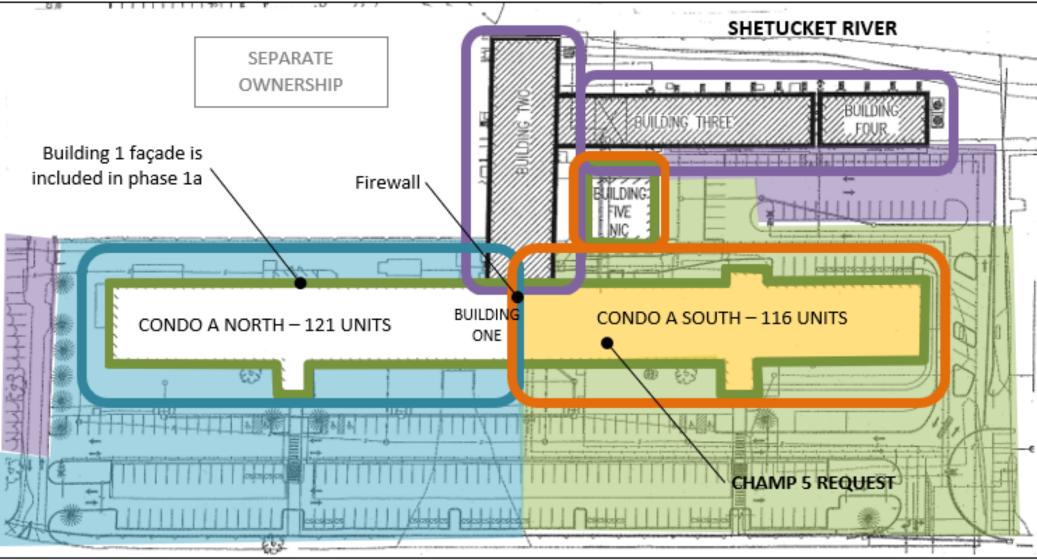
2.3 ACRE PARCEL

30,000 SF BUILDING





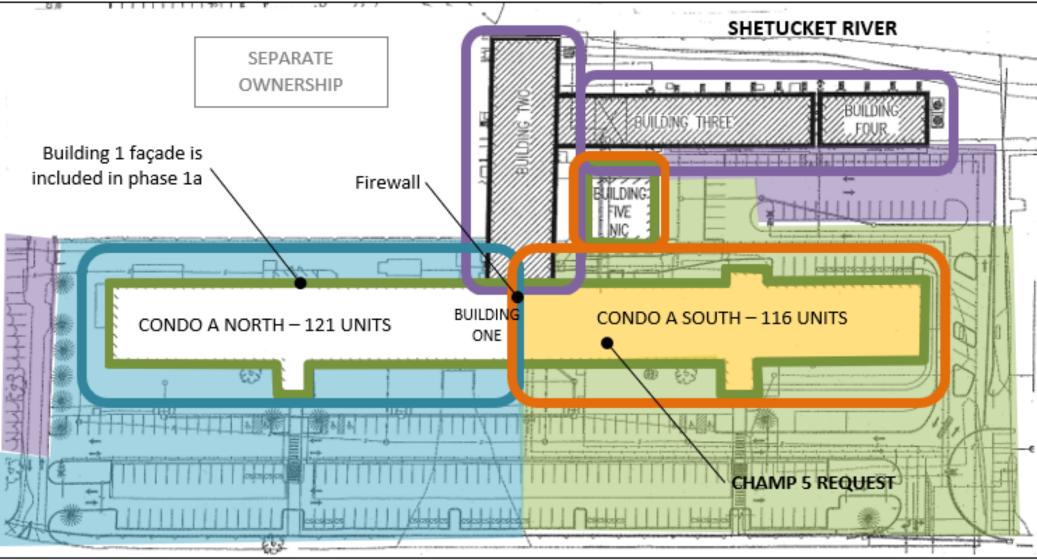




**ROUTE 97 - NORWICH AVENUE** 

#### **ROUTE 97 – NORWICH AVENUE**

_0,0		11119911 # 11		SHETUCKET RIVER			
ſ	SEPARATE OWNERSHIP						
Build	SITE	PONEMAH MILLS CAMPUS					
includ	CONDOS		CONDO A		CONDO B		
	BUILDINGS	BUILDING 1		BUILDING 5	BUILDING 2	BUILDING 3	BUILDING 4
	SUB CONDOS	CONDO A SOUTH	CONDO A NORTH	CONDO A SOUTH			
	BUILDING PHASES	<b>1</b> a	1b	1a		2	
	BUILDING EXTERIOR	1a	1a	1a			
	SITE WORK PHASES	1a	1b	1a	2		
	HOUSING UNITS	116	121	0	77		
	PARKING	172	181	0	99		
	CHAMP5 FUNDS	\$5,000,000 REQUESTED	0	0	0		
STH -			11 11 14 14 14 14 14 14 14 14 14 14 14 1				



**ROUTE 97 - NORWICH AVENUE** 

# **HISTORIC PROPERTIES**

Flood Zone Substantial Improvement Exemption

**Tax Credits** 

Pre-Development Grants Site / floor plan Elevations Proforma development Any alteration of an "historic structure", provided that the alteration will not preclude the structure's continued designation as an "historic structure."





"You don't go somewhere to park your car; you go there because you want to be there, and large parking lots in an area reduce the desire to be there."

> Donald Shoup, The High Cost of Free Parking





8 spaces / car

95% parked

\$5,000 - \$50,000 / space to build

10% revenue v buildings

\$20.6 Billion industry in NYC

27 spaces per household in Jackson, WY





8 spaces / car

95% parked

\$5,000 - \$50,000 / space to build

10% revenue v buildings

\$20.6 Billion industry in NYC

27 spaces per household in Jackson, WY

\$0 amount spent by cars





#### Is parking more valuable than used buildings?



**No Room:** Many of the properties in Norwich were built before the automobile was invented. There is insufficient lot area to accommodate off-street parking required in the zoning regulations.

The average assessed value / acre of the six buildings above = \$2,843,637

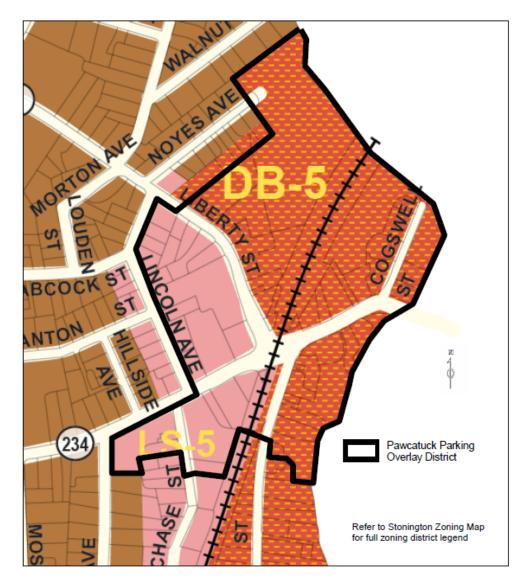


Make Room: In some instances buildings have been demolished, often to meet the need to provide off-street parking. These sites are likely to remain off-street parking lots.

The assessed value / acre of this off-street parking lot = \$362,500.



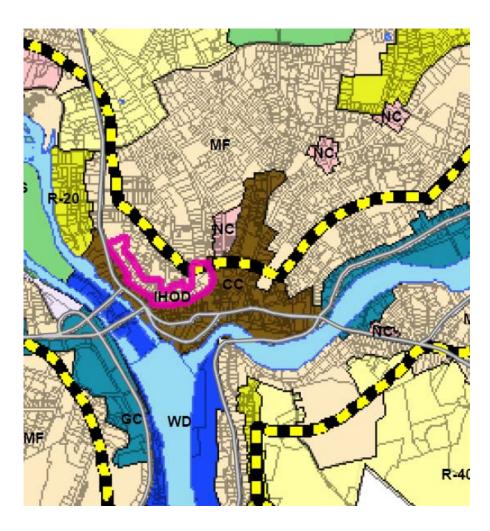
Pawcatuck Parking District New Businesses in Existing Buildings Are Exempt





Pawcatuck Parking District New Businesses in Existing Buildings Are Exempt

Off Street Parking Required in Downtown Norwich: ZERO SPACES REQUIRED FOR ANY USE





Pawcatuck Parking District New Businesses in Existing Buildings Are Exempt

**CREATIVE THINKING SPACE** 

Off Street Parking Required in Downtown Norwich: ZERO SPACES REQUIRED FOR ANY USE











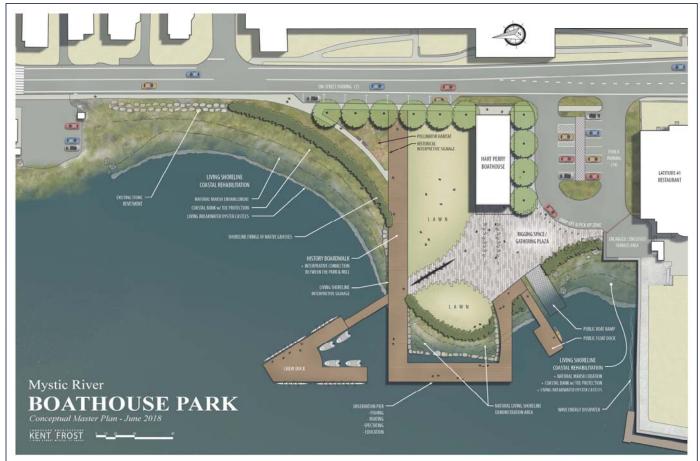






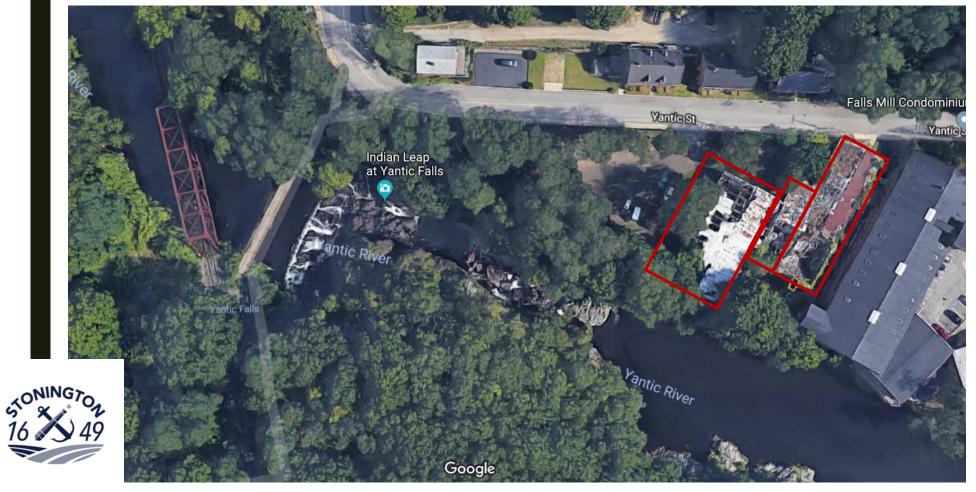




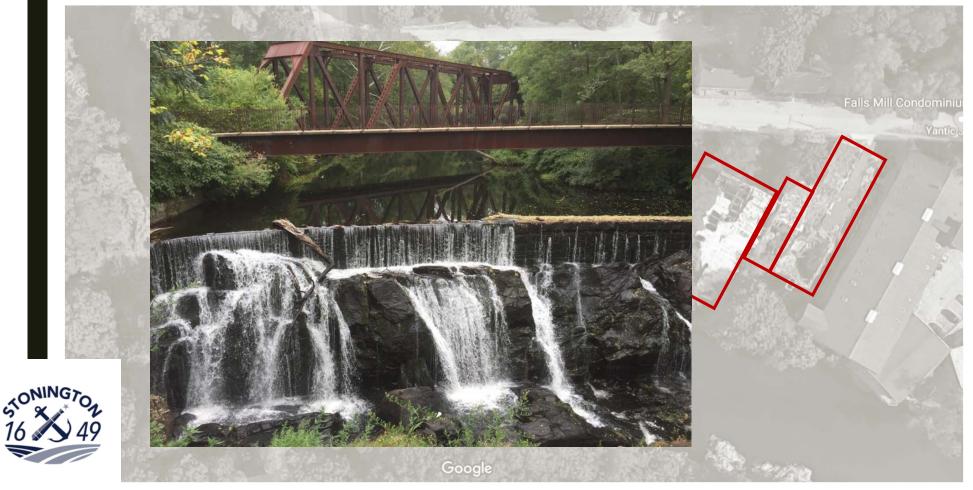










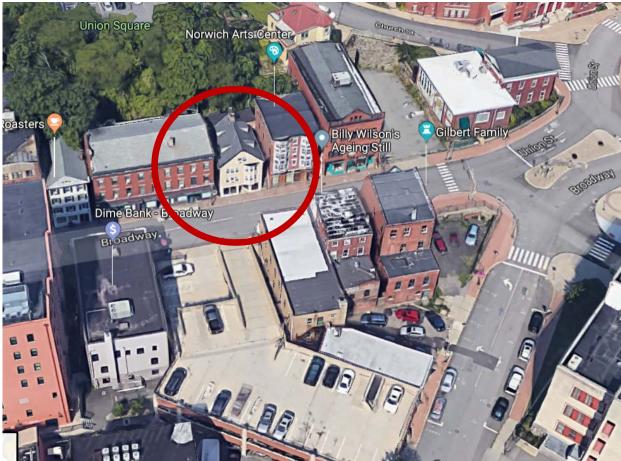






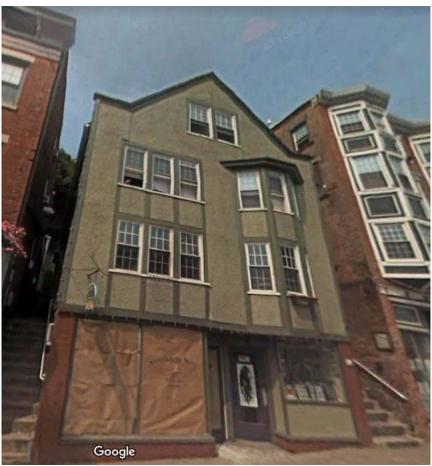














52 Broadway, Norwich CT

0.05 Acre Site; 3,639 SF; 5 D.U.; 1 Commercial

2003 Acquired by Developer

2012 Fire

2012 Foreclosure

\$80,000 Acquisition (\$22/SF)

\$90,000 investment (\$25/SF)

\$2018 Sold for \$135,000 (\$37/SF)







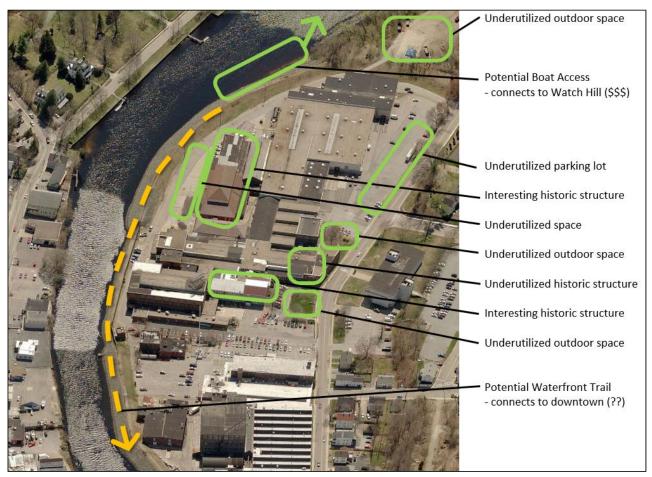




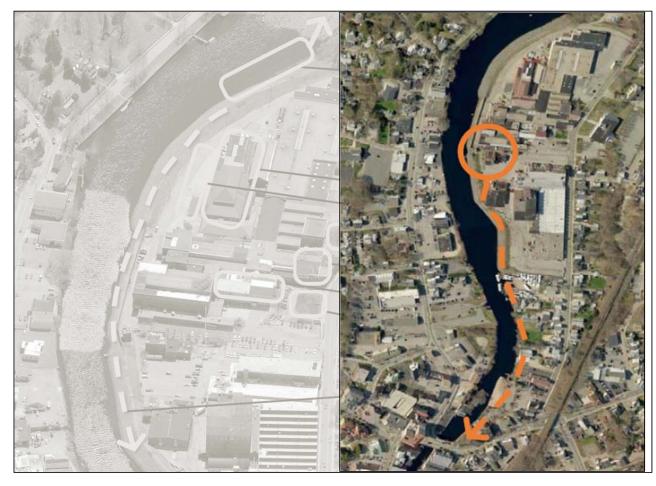




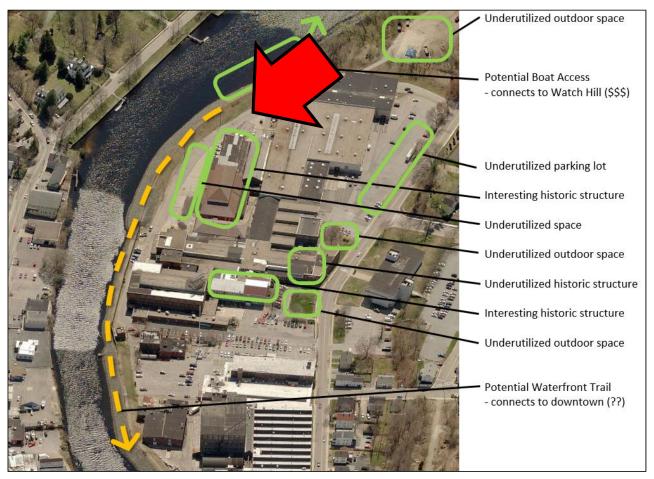






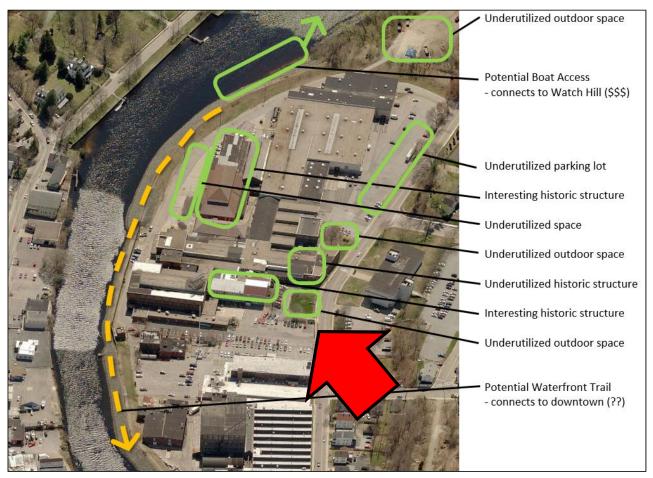
















# CONCLUSION

- Market Alignment ✓
- Master Plans
- Zoning
- Parking ✓
- Code Correction ✓
- Historic
- Dreaming

Vacant Historic Mill Properties are **Functionally Obsolete** 

**Expand Your Toolbox** 



Please use the chat box to send questions for our presenters. What sparked your interest in today's presentation? What resources or insights would you like to share?



Webinar Resources available for download at http://s.uconn.edu/cedasacademy

- NCDC 25 Percent is not Enough Documentation in Support of the Variance Application
- INDUSTRIAL HERITAGE RE-USE DISTRICT approved\_text 9-2004
- Press Release for Heritage Mill District
- Grain Elevator Blight Intervention Report
- <u>Stillman Avenue Mill Abandonment Report DRAFT</u>
- <u>NCDC Four Degrees of Change of Use 11-2014</u>
- HM Approved Text and Map
- HMD Staff Report 4.18.17
- <u>Updated proforma sheet</u> (EXCEL WORKSHEET)
- All slides available at <a href="http://s.uconn.edu/cedasacademy">http://s.uconn.edu/cedasacademy</a>



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#### Laura Brown, CEcD

Community & Economic Development Educator University of Connecticut - Department of Extension Fairfield County Extension Center Cell: 608.886.0655 <u>laura.brown@uconn.edu</u>

#### Kristen Gorski

Economic Development Specialist - Town of West Hartford 50 South Main Street West Hartford, CT 06107 Office: (860) 561-7527 \* Cell: (860) 960-6136 kristen.gorski@westhartfordct.gov

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#### Thank you!

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