



To: Center City Development Corporation (CCDC) Board of Directors
From: DMC Staff
Date: January 16, 2019
RE: Development Grant Request: 99 & 105 S. Front St.

Background:

The subject property consists of two adjacent historic buildings on the west side of South Front Street, in the block between Gayoso and Union. Vacant since The Pier Restaurant and The Butcher Shop closed, the buildings are located within the Cotton Row National Register Historic District.

The 5-story Joseph N. Oliver building at 99 S. Front was built ca. 1905 and is the larger of the two. The building is a brick and stone structure known for its ornate façade. 105 S. Front is a 3-story brick structure originally known as the Stewart Building and constructed ca. 1900. Unfortunately, the buildings are in poor condition due to water damage and long-term neglect. Their previous owner, a New York-based company bought the property in 2007 for over \$2 million with a plan to convert the property into apartments or possibly a boutique hotel. The timing of their efforts unfortunately coincided with the Great Recession and plans failed to materialize. Because of its prime location, architectural significance, and deteriorating condition, this property became a top priority for the DMC Anti-Blight Committee. Due to serious concerns about falling debris and the ongoing physical decay of the building, the owner erected emergency scaffolding along Front Street and the adjacent alley in October 2017.

In June 2018, the owner announced plans to demolish the buildings. The DMC staff strenuously opposed that request and advocated for adaptive reuse. The owner ultimately decided to sell the property. In December 2018, Mr. Billy Orgel, a local developer, assembled an investment group and purchased the two buildings for \$1.2 million.

Development Grant Request:

The new owner agrees with DMC staff that these buildings have architectural and historic value worthy of saving. However, the redevelopment of this property will be a significant challenge. Due to the advanced degree of physical deterioration, adaptive reuse may be difficult even with a PILOT tax incentive from the CCRFC. As an immediate first step, stabilization efforts are needed to stop water infiltration and stabilize the exterior brick and parapet so that the emergency scaffolding can be removed. The owner is requesting a Development Grant from the CCDC in the amount of **\$650,406**. The scope of work covered under this grant is strategic and necessary to stabilize the building and make future redevelopment possible.

The largest portion of the grant request is earmarked for permanent roof repairs. This practical approach has the dual advantage of immediately stopping water infiltration and rot – the greatest ongoing threat to the building – while saving money in the long-run by eliminating the need for costly temporary roof coverings.

Proposed Grant Budget:

The owner is requesting a CCDC grant to fund the specific improvements listed in the table below:

Permanent Roof Repairs	
a. Remove steel structure and metal decking on west end	\$21,248
b. Frame and deck new wood infill at west end	\$61,302
c. Ventilation	\$40,000
d. New TPO roof system and insulation	\$418,604
Masonry Stabilization & Repair	
e. Repair masonry on west and east sides of buildings	\$109,252
TOTAL	\$650,406
<i>30% MWBE Target</i>	<i>\$195,122</i>

Project Timing:

Pending approval of a CCDC Development Grant, the owner is committed to moving quickly to stabilize the building. The stabilization work outlined in the grant request above could begin in February 2019 and will take 10-12 weeks to complete. While this work is taking place, the ownership team will prepare development plans and possibly a PILOT application to submit to CCRFC for review and consideration.

It is far too early in the process to know the definitive project budget or exact construction timeline for the full rehabilitation of the buildings. Considerable architectural and engineering work is needed to develop the final plans. However, we estimate the total development cost of this property to be in the \$20-25 million range. Pending no unforeseen challenges, construction could begin by late 2019 and be completed in early 2021. The likely future reuse of this property includes ground-floor retail and multi-family above.

EBO Program:

The DMC's Equal Business Opportunity Program will apply to this Development Grant. The applicant has committed to meeting or exceeding a 30% target for MWBE inclusion in the project hard and soft development costs. This increased EBO target will apply to both the scope of this stabilization grant and the overall redevelopment project.

Staff Recommendation:

DMC staff recommends approval of a Development Grant in an amount up to **\$650,406** to assist in the immediate stabilization of these endangered historic buildings. Staff recommends that the grant be reimbursable and based on approved receipts.

Further, staff recommends adding approval conditions such that 1) the grant must be repaid to the CCDC in the event that the owner fails to pull all required permits and begin a full building renovation within 18 months, 2) or if the property is sold prior to a Certificate of Occupancy being issued for the entire property.