Brownfield Redevelopment The Developer’s Perspective
About CommunitySmith

Principles and Priorities

CommunitySmith exists to create successful community revitalization projects by facilitating open and honest communication among all stakeholders.

CommunitySmith specializes and emphasizes work in the following areas:

• Brownfield Redevelopment
• Public-Private Partnerships
• Adaptive Re-Use
• Downtown Revitalization
• Historic Preservation
• Urban Infill
• Economic Development
• Municipal Relations
• Building/Enabling Community Equity

COMPANY HIGHLIGHTS:

• Leadership team with a strong background in Adaptive Reuse and Redevelopment
• Successful partnerships already in place with numerous cities in North Carolina
• Collaboration with local and regional partners with strong track records

We seek out opportunities in smaller markets like Wilson and Greenville - municipalities that oftentimes exhibit a greater interest in downtown revitalization and therefore promote the tools they have to spur development.

Unlike traditional suburban developers, we are willing to work on brownfield sites and are not afraid of trying to overcome the associated environmental stigmas and hurdles even if it adds a bit of time and red tape to a project.
## PPP with Municipalities

**Bridging the Financial Gap**

<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>SOLUTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Acquisition Cost</td>
<td>Public-Private Partnerships</td>
</tr>
<tr>
<td>Low Residential Rent</td>
<td>Experienced Design-Build Team</td>
</tr>
<tr>
<td>Low Commercial Rent</td>
<td>Experienced Developer</td>
</tr>
<tr>
<td>Expensive Environmental Remediation</td>
<td>Grants (EPA, HUD, DOE, local)</td>
</tr>
<tr>
<td>Building Deterioration Due to Lack of Maintenance</td>
<td>Soft Loans (Municipality)</td>
</tr>
<tr>
<td>High Cost of Design &amp; Construction</td>
<td>Historic Tax Credits (State/Federal)</td>
</tr>
<tr>
<td></td>
<td>New Market Tax Credits</td>
</tr>
<tr>
<td></td>
<td>Tax Increment Financing (TIF)</td>
</tr>
</tbody>
</table>

*CommunitySmith*
Wilson and Greenville, North Carolina successfully applied to the EPA for environmental cleanup funds through their Revolving Loan Fund (“RLF”) program.

A major benefit we see to the RLF is that our traditional, risk-averse lending sources are not interested in loaning specifically for environmental cleanup dollars and expect the borrower to bear all costs of assessment and cleanup directly and preferably.

Funding for environmental mitigation can be applied for from the RLF and packaged with the lending for site development and construction costs to complete the project. Developers, or property owners, could access these funds for underground storage tank removal and cleanup, or to partially remediate asbestos in buildings, as examples.
Collaboration between Developers and Municipalities (PPP):

BEST PRACTICES

Redevelopment Plan – Use know ahead of time?

Timing - being aware of and making sure that the stakeholders involved understand the timing of things is important.

Education - Ensure all of the stakeholders understand what program funds are available and specifically what they can be used for.

Marketing – Make sure that everyone involved knows where the funding is.
Working with Municipalities (PPP):

WHY IS EARLY ASSESSMENT IMPORTANT?!
Our Work in Uptown Greenville, NC

No Quarter, LLC “SuperBlock”

20,000 square foot campus-edge location at intersection of 5th & Cotanche Streets in Uptown Greenville, NC. Formerly occupied by low-end retail, storage, and nightclubs. The site is being renovated to create a comfortable transition between downtown Greenville and ECU.

Public-Private Partnership aspects included:

- Environmental: Multi-parcel Phase I ESA completed, with EPA Assessment Grants.
- $100,000, 15 year - 0% interest financing for HVAC equipment from Department of Energy/City “EERLP”
- ~$25,000 - City/Historic Preservation Commission Facade Grants

Tenants:

- East Carolina University Registrar’s Office (10 year lease)
- Greenville/Pitt Convention & Visitors Bureau (5 year lease)
- Campus Corner (men’s clothing)
- Campus Cookies (City’s Small Business Plan Competition Winner)
Before: 60% leased. Owners who didn’t want to know what lies beneath, or interested in investing ANYTHING to improve the buildings or surroundings.

After: 100% LEASED well ahead of construction completion of December 2014.

New ownership group and Tenants who know the environmental risk has been mitigated by group of professionals with significant expertise in brownfield redevelopment and environmental due diligence/mitigation.
Our Work in Historic Downtown Wilson

Nash Street Lofts – Completed Jan. 2014

Joint venture w/Rehab Development
- 13 Market Rate Loft Apartments
- Including 2 Live-Work Units
- Dedicated parking immediately adjacent to the building in a City-owned lot

Historic tax credit redevelopment of 13,000 sf former municipally owned building. With a 10 month construction timeline, the building was completed & placed into service in January 2014 - two months before date agreed to in City of Wilson performance contract.

11 units leased by August 2014. Building’s occupancy is ~85% with average monthly rents of $788.00 or $1.18/sf

Total Project Cost of $1,503,000 generated Historic Tax Credits of $550,000 - $275,000 (NC) & $275,000 (Federal).

The capital stack included a $570,000 HUD Economic Development Initiative Special Projects grant which was transformed into 0% interest 40-year loan from City. Facade grants added another $20,000.

Phase I ESA completed, with EPA Assessment Grants. CommunitySmith took the lead from private stakeholders for collaborative of lining up site visits with contacts from the City, property owners, and the consultants Duncklee & Dunham/CTC (now Cardno).

Follow-on project to Nash Street Lofts was completed August 2014, consisting of 4 loft apartments and 1 live-work space. 2 units were leased within the first month after delivery

Public-Private Partnership with the City of Wilson

Total Project Cost of $726,542 generated Historic Tax Credits of $278,416 - $139,208 (NC) & $139,208 (Federal).
Nash Street Lofts
BEFORE/AFTER
HW Notes:

• HW Notes: 10-7-14

• At CommunitySmith we don’t see ourselves merely as real estate developers. We see ourselves in a larger context as preservationists, community stewards, and economic drivers.
• All stakeholders in these projects have unique and sometimes overlapping interests. The faster these interests are identified, vocalized, and aligned, the greater the chance for collective success.

COMPANY HIGHLIGHTS:
Leadership team with a strong background in Adaptive Reuse and Redevelopment

• Strong background – I spent the previous 5 years at Empire Properties, the most active historic redevelopment concern in the Raleigh/Durham area after having co-founded my first company Arbor Equity which focused on sustainable development and brownfield redevelopment.

• Collaboration with regional partners: Rehab Builders/Development; Joint ventures further leveraged experience in our areas of specialty and also strengthened others by way of partnership vs. simply hiring consultants, trying to build an entire team from scratch.
SLIDE 4

• January 2014? - I wrote a letter of support to a partnership of the City of Wilson, including Greenville
• Our team would definitely access this funding mechanism, if available, in any municipality where we work including others projects currently being explored in Wilson/Greenville.

SLIDE 5

An Important Note:
The first projects of this magnitude in these municipalities are often involving significant municipal participation. If the municipality can assist in the development team’s success, a goal could be to have less support of that magnitude needed from that point on given that the proactivity helps existing lenders get more comfortable with the market, and more private participants getting into the mix.

• Advice to stakeholders: Focus on the first 2 since the others are more the responsibility of the municipality or Grantor?
• Redev. Plan – “LEAD AND THEY WILL FOLLOW”

• Education – Ensure communication and collaboration opportunities; leveraging one off of the other like EPA, and Hud in Wilson and EPA and DOE in Greenville.

• Our work in Greenville – Dickinson is a follow-on opportunity
SUGGESTIONS/EXAMPLES:

**Redevelopment Plan** - Knowing the end result or planned redevelopment of the site helps tailor the assessment to the project saving the developer time and money. This is not always known ahead of time, but it certainly helps.

**Timing** - Sometimes the municipality, associated stakeholders, and regulators cannot act at the speed of business. Also, don’t get down if you own a site is not eligible. There may be a solution to the problem if given enough time.

**Education** -
- Assessment grants can only pay for assessment and planning.
- Cleanup grants are site/project specific and cannot be used on other projects not approved.
- Revolving loan funds are loans and need to be repaid.
- Ask questions about what is eligible and what is not.

**Marketing** – Who has these grants?
- How can they help a prospective redevelopment or adaptive reuse project?
Brownfield Redevelopment
The Developer’s Perspective

For more information on CommunitySmith and Investment Opportunities Contact:

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