

“Preservation is not only about recapturing the historic spirit of place, it’s about finding new uses and addressing community needs as well.”

—Richard Moe, President, National Trust for Historic Preservation

NATIONAL TRUST LOAN FUND

cornerstone building

CASE STUDIES

Cornerstone buildings can be defined as large commercial buildings that were designed for a specific use and that occupy a significant location in their community. Train stations, mills, department stores and theaters are common examples. Such buildings are well-known for their size and unique configuration but these are often the very factors that contribute to their eventual neglect. Changing demographic trends and economic shifts may render their original function obsolete, leading to vacancy and decay. In many cases, owners opt to demolish these buildings rather than find a new use.

There are viable alternatives to demolition, however, as demonstrated by the following case studies. In each of the situations described within, cornerstone buildings are being adapted to meet the current needs of the community without sacrificing their unique historic character. By learning what worked in each of the following examples, whether it be a former grand hotel at the crossroads of the Midwest or a forgotten skyscraper in northeast Florida, light may be shed on how to redeem the cornerstone buildings in your community.

ST. JAMES HOTEL SELMA, ALABAMA

BACKGROUND

From its location on Water Street, just beyond the banks of the Alabama River, the St. James Hotel witnessed 150 years of history in the making. During the Civil War Era, the hotel was commandeered by Union troops for use as army headquarters, ensuring its survival during the 1865 burning raids. One hundred years later, Dr. Martin Luther King, Jr. marched his own army through the streets of Selma, demanding the right to vote all the way to Montgomery. Despite its prominent position in the community, the property faced misuse, vacancy and neglect throughout its lifetime, however beginning in 1893 when competition drove the hotel out of business and culminating in the late 1900s when it housed a feed store and tire recapping business. Vacancy then set in, causing the Alabama Historical Commission to include it on its most endangered properties list. Recognizing the importance of resurrecting one of Selma's greatest historical assets, the City of Selma purchased the building and orchestrated its repair. The City was assisted by a \$150,000 National Trust Loan Fund loan to help finance the rehabilitation of the only remaining antebellum riverfront hotel in the Southeast.

PROPERTY DESCRIPTION

Despite years of neglect, the hotel's original brick and stucco exterior and its second and third floors were found basically in tact. Original doors, windows and the balcony—detailed with ornate ironwork—remained in place. However, the entire ground floor had been gutted for use as a tire recapping business, a concrete floor replaced the original heart-pine floor, and the hotel wings had been removed.

PROJECT DESCRIPTION

A unique partnership was formed between local government, citizens and private investors to implement the rehabilitation. The City retained ownership of the hotel and pledged the leadership, fundraising and project oversight needed to make the project a success. Private investors willing to bank on Selma's future invested more than \$1.5 million in capital. Volunteers joined city officials on various committees dedicated to fundraising, researching appropriate interior furnishings, publicity and marketing. Community outreach was especially effective, as more than 1,500 Selma residents worked on and contributed to the project. Over \$800,000 was raised through solicitations, making it the largest community fundraiser ever in the city. These combined efforts made a \$6 million certified rehabilitation possible, giving rise to a lobby, parlor, gift shop and a dining/drinking room in the historic section. Wings were reconstructed around a courtyard discovered by an archaeological study. In total, 42 rooms were produced, with an adjacent historic building contributing a "state of the art" kitchen and retail space.

COMMUNITY AND PRESERVATION IMPACT

The result is a model project that illustrates to small cities with limited revenues how public/private partnerships can reach great heights in historic preservation and economic development. The extent of community involvement in the project, in terms of volunteer hours and financial commitment, and the innovative mix of financing sources are exemplary. Its strong community backing, along with its grandeur and setting, have made the hotel a popular setting for special events and small conventions while business and leisure tourism has exceeded projections. The St. James has also stimulated downtown revitalization, as evidenced by the redevelopment of historic Water Street, the opening of new businesses and business expansion. Moreover, the St. James is alive and well in Selma again, a reminder of the area's rich history and a symbol of the community's future.



TOTAL DEVELOPMENT COSTS:
\$6 million (MM)

ABBREVIATED PROJECT BUDGET:
Land & Building: \$90,000
Stabilization/Rehab . . . 2,484,929
New Construction . . . 2,380,071
Architectural & Eng . . . 475,000
Administration 85,000
Furnishings 500,000

SOURCES OF FUNDING USED:
HUD Section 108
 Loan \$450,000
HUD Econ. Dev.
 Init. Loan 450,000
US DOT
 ISTEA Grant 1,222,875
AL Econ. &
 Comm. Affairs 500,000
USDA Grant 245,000

AL Historical
 Commission 72,700
Investor Equity 1,050,000
City of Selma Grant . . . 875,000
Donations 725,000
Selma Hist. Society. 7,500
Riverfront Market Assoc. . 7,500
NTLF Loan 150,000
Other 259,425

BARTELL PLACE SENIOR RESIDENCES JUNCTION CITY, KANSAS

BACKGROUND

Junction City's city manager, Rod Barnes was concerned. An active member of the Historical Society in this town of 19,000 he hated to think that the downtown landmark, the Bartell Hotel, may face the wrecking ball. Redevelopment had found its way to Junction City and nearly every major building downtown had been rehabilitated. The fate of the Hotel was unclear, however, due to its large size and uncertain function. Demolition was a real possibility for the National Register-listed property. On behalf of the Geary County Historical Society, Mr. Barnes approached the National Trust, hoping its loan funds might be used to give the Hotel a second chance.

The National Trust Loan Fund (NTLF) responded with a \$10,000 loan to the Historical Society to finance a one-year purchase option for the Bartell Hotel. This support enabled the Historical Society to protect the building from the immediate demolition threat and pursue financing for its adaptive reuse. Homestead Affordable Housing of Nortonville, Kansas stepped in as developer, with a plan to create 32 upper floor low- to moderate-income housing units and first floor commercial space for services compatible with downtown living.

PROPERTY DESCRIPTION

The Bartell Hotel was constructed in 1879 and opened for business in February 1880. The Italianate red brick hotel quickly assumed landmark status in rural Geary County as a grand gathering place, a first-rate crossroads hotel, and a "commercial palace". It contained 66 sleeping rooms, a dining room, kitchen, parlors, and office space. It was known for its unique cuisine, featuring "Buffalo Tongue Dinner" and played host to such celebrities as Wild Bill Hickok, John Wayne, W.C. Fields, Gloria Vanderbilt and Sally Rand.

The building's construction was a reflection of Junction City's aspiration to be a "Mid-Continental City" and the operation of this first-class hotel was a fulfillment of that goal. The Hotel was listed on the National Register of Historic Places in recognition of its association with the prosperous development of Junction City from 1880 until post-World War II. At the time of the NTLF loan, a restaurant was operating out of the hotel.

PROJECT DESCRIPTION

With its \$10,000 NTLF loan acting as catalyst, the Historical Society identified a project developer, Homestead Affordable Housing, Inc., a rural, nonprofit community housing development organization. Homestead assembled a varied financing package that included a \$1 million Section 515 loan from USDA's Rural Development program, low-income housing tax credits, federal and state historic tax credits, HOME funds from the Kansas Department of Commerce and Housing and an Affordable Housing Program grant from the Federal Home Loan Bank of Topeka. In addition,

USDA pledged an annual award of \$350,000 in rental assistance funds for the next 10 years. The Junction City Neighborhood Revitalization Tax Rebate helped leverage these funding sources. Project construction will begin in early 2004.

COMMUNITY AND PRESERVATION IMPACT

The rehabilitation of the Hotel into residential and retail space will secure the future of the building as a commercial and community fixture in downtown Junction City and help address a pressing need for affordable housing. The project is also an inspiring example of how broad-based support can be built upon a foundation laid by a modest \$10,000 loan.

TOTAL DEVELOPMENT COSTS:
\$4.3 million (MM)

ABBREVIATED PROJECT BUDGET:

Land & Building	\$285,000
Commercial	70,000
Rehab/New Cons	3,130,000
Contingency	100,000
Architectural & Eng	100,000
Interim Costs	130,000
Overhead	370,000
Purchase Option	10,000
Other	93,000

SOURCES OF FUNDING USED:

First Mortgage	\$1,000,000
HOME Funds	300,000
FHLB Affordable Housing	160,000
Developer fees	92,000
LIHTC Equity	2,736,000
NTLF Loan	10,000

DETAILED BORROWER INFORMATION:

Founded in 1972, the Geary County Historical Society's purpose is to bring together those people interested in history—especially the history of Geary County, Kansas to help preserve historic buildings, monuments and markers and to cooperate with officials in ensuring the preservation and accessibility of the records and archives of the county and its cities, towns, villages and institutions.



11 EAST FORSYTH JACKSONVILLE, FLORIDA



BACKGROUND

At 841 square miles, Jacksonville, Florida is the one of the nation's largest cities in land area and fastest-growing in economic terms. This growth has been uneven, however, flourishing in the outer reaches of the municipal area while downtown's rich historic building stock has been bypassed by development. To infuse new vitality in the historic core of the city and stimulate a 24-hour community, Jacksonville's public officials focused on creating housing downtown. Within this context, the Vestcor Companies requested and received a \$350,000 National Trust Loan Fund loan to help finance the conversion of the Lynch Building into loft-style apartments at 11 East Forsyth.

PROPERTY DESCRIPTION

The Lynch Building is one of a cluster of skyscrapers built between 1901 and 1927 that comprises the National Register-nominated Historic Buildings of Downtown Jacksonville. It was constructed in 1926 during Florida's land boom, becoming the second tallest structure among a skyline of 12 buildings of 10 stories or more. These commercial skyscrapers were the city's defining characteristic, contributing to Jacksonville's image as the financial, commercial and industrial center of northeast Florida. The landscape changed in 1954 when new, taller buildings began to crowd the downtown and the Lynch Building was left vacant in the late 1980s. It is a 153,000 square foot, 17-story Chicago style structure with a marble, limestone and brick façade and topped by a distinct terra cotta capital. The building is a locally designated landmark and will be listed on the National Register of Historic Places.

PROJECT DESCRIPTION

The Lynch Building, or 11 East Forsyth as it has been renamed, is Jacksonville's first large-scale downtown lofts project. It features 126 market-rate apartments, 4,500 square feet of first-floor commercial space and an adjacent parking structure. The rehabilitation honored the structure's original charm as existing textured-glass partitions were incorporated into the bedrooms and granite from the exterior was reused in windowsills. With the exception of alterations on the street-level façade, the building has retained its historic appearance. The rehabilitation project also complements recommendations made by a joint National Trust for Historic Preservation assessment team hired by the city to evaluate the opportunities for its historic resources to stimulate community revitalization. As such, the City lent strong financial support to the 11 East Forsyth project, enabling it to move forward when the construction bid came in much higher than anticipated. The National Trust Community Investment Fund also committed its resources in the project, closing on a \$3.4 million equity investment. The \$350,000 NTLF loan provides important construction financing. Other project partners include the City's Downtown Development Authority and Economic Development Council and Bank of America.

COMMUNITY AND PRESERVATION IMPACT

The conversion of the Lynch Building into loft apartments not only preserves a historic landmark in downtown Jacksonville but also helps stimulate economic development in the surrounding area. High-end apartments that possess the same amenities found in the suburbs but which offer a unique historic character and close proximity to jobs and cultural attractions do attract residents downtown. The result is a lively after-hours community that generates growth and re-development that benefits other historic properties in the central business district. Furthermore, 11 East Forsyth stands as an important example of what can be achieved when public and private interests unite behind the goals of historic preservation and community revitalization.

TOTAL DEVELOPMENT COSTS:
\$26.5 million (MM)

SOURCES OF FUNDING USED:

City of Jacksonville
Permanent Loan/
Bank of America
Const. Loan \$17,800,00
Limited Partner
Equity 1,200,000
Deferred
Developer Fee. . . . 3,800,000
Fed. Hist. Tax
Credit Equity 3,400,000
NTLF Loan 350,000

DETAILED BORROWER INFORMATION:

The Vestcor Companies is one of Florida's largest multifamily housing developers, with 400 employees. It is based in Jacksonville. Its affiliated partnerships own assets valued at over \$300 million and the Vestcor manages over 7,000 apartments, 66,000 S.F. of commercial space and 1,289 acres of timberland.



VICTORY ARTS CENTER FORT WORTH, TEXAS

BACKGROUND

For several years the Our Lady of Victory Convent and girls' boarding school in Fort Worth, Texas stood empty, unused and abandoned. Changing needs, organizational mission and an aging membership caused the Order of the Sister of Saint Mary of Namur to vacate the building. Five years later, the Sisters had secured a demolition permit to eliminate the perceived liability of the building. That's when a concerned group of community volunteers sprang together to form Historic Landmarks, Inc. (HLI) a nonprofit organization dedicated to rescuing endangered historic properties. HLI acquired the building one week before the wrecking ball was due to hit and spent the next two years working with the community to develop a concept for the adaptive reuse of the building. Ultimately, the group opted to rehab the building into artist live/work space named the Victory Arts Center. During the first three years of the project's planning, HLI held a yearly Haunted House event, utilizing artist and community talents to raise initial funding. To assist with pre-development costs incurred prior to construction closing, HLI received a \$302,500 loan from the National Trust Loan Fund. The loan will be repaid by the historic tax credit equity investment.



TOTAL DEVELOPMENT COSTS:
\$7.4 million (MM)

ABBREVIATED PROJECT BUDGET:

Land & Building	\$295,000
Building Reconstr	4,779,500
Architectural & Engr	230,000
Construction Mgt.	250,000
Contingency	375,000
Interim Interest	225,000
Due Dilig. & Fees	820,000
Other	145,000
Loss Reserve Fund	250,000

SOURCES OF FUNDING USED:

City HOME funds	\$287,000
County HOME funds.	250,000
Federal EDI Grants	450,000
Limited Partner	1.2 MM
Equity Investor	840,000
JPM Chase Loan	3.2 MM
Equity investor	840,000
NTLF Loan	302,500

DETAILED BORROWER INFORMATION:
Founded in 1993, Historic Landmarks, Inc.'s purpose is to assist the community in bringing endangered historic properties back to viable economic uses, thus assisting the redevelopment of inner-city areas while maintaining the character and heritage of the city.

PROPERTY DESCRIPTION

The Our Lady of Victory Convent and boarding school was constructed in 1909–1910 on prairie land three miles south of the rapidly developing city of Fort Worth. It is of the Gothic Revival style, with a red pressed brick façade and white limestone trim. Designed by prominent Fort Worth architectural firm, Sanguinet & Stats, it will be listed on the National Register of Historic Places. Today, the 70,000 square foot building is part of an inner-city residential area, approximately two miles from Fort Worth's central business district. After a long period of disinvestment, the surrounding neighborhood is experiencing renewed market interest and incremental growth. It is scheduled to be part of a City-sponsored mixed-use Urban Village Center.

PROJECT DESCRIPTION

The five-story Victory Arts Center will feature 48 apartment lofts, eight artist studios, galleries, a theater and performing arts space that will be completely dedicated to artists, both resident and non-resident. Former classrooms will be converted to one- and two-bedroom loft-style apartments, ranging from 750 to 1,750 square feet and renting for \$500 to \$1,500. Eight of the units will be rented to tenants whose income is no more than 80% of area median. The chapel will be converted into a 3,500-square-foot performing-arts space that will retain its vaulted, plaster ceiling and maple floors. A 2,500 square foot auditorium will also be transformed into a theater/meeting/teaching center. New brass chandeliers and sconces will be installed to closely match the originals. A catering kitchen will also be added, making it possible to host social functions for 100 to 215 people.

COMMUNITY AND PRESERVATION IMPACT



NTLF funds were a natural fit for this project in light of its service to the lower-income artist community, the inner-city revitalization impact and the cultural impact its presence will make on the surrounding neighborhood and greater Fort Worth. Its location within the walls of the former Our Lady of Victory Convent also serves the important function of restoring dignity to this impressive historic landmark.

THE BIG PICTURE

The previous case studies help illustrate common elements of successful cornerstone adaptive reuse projects. As outlined by National Trust consultant Donovan Rypkema, these elements include community recognition of the building as an asset, a core group of advocates that mobilize support and participate in the rehabilitation, public sector involvement and a documented market for the building's services. Equally important is maintaining patience and flexibility in determining project financing, timing and structure as well as building use in order to best address the opportunity presented by each cornerstone building.

Rehabilitating cornerstone buildings is a complex, costly, and time consuming process. But with a balanced and well supported approach, these buildings may regain their past prominence and assume the added significance of a visible link to the past and hope for the future.

NATIONAL TRUST LOAN FUND

The National Trust Loan Fund has more than 35 years of experience in supporting preservation-based community development projects across the country. As a certified Community Development Financial Institution, it has a mission of providing financial and technical resources to organizations that use historic preservation to support the revitalization of underserved and distressed communities. NTLF specializes in predevelopment, acquisition, mini-permanent, bridge and rehabilitation loans for residential, commercial and public use projects. Eligible borrowers include not-for-profit organizations, revitalization organizations or real estate developers working in certified Main Street communities, local, state or regional governments, and for profit developers of older and/or historic buildings.

National Trust Loan Fund

NATIONAL TRUST FOR
HISTORIC PRESERVATION®

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