

Henry Ford Power House Charter High School

Using NMTCs to Achieve Comprehensive
Neighborhood Redevelopment

*NH&RA 2010 Summer Institute & NMTC
Symposium*

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Albert Rex



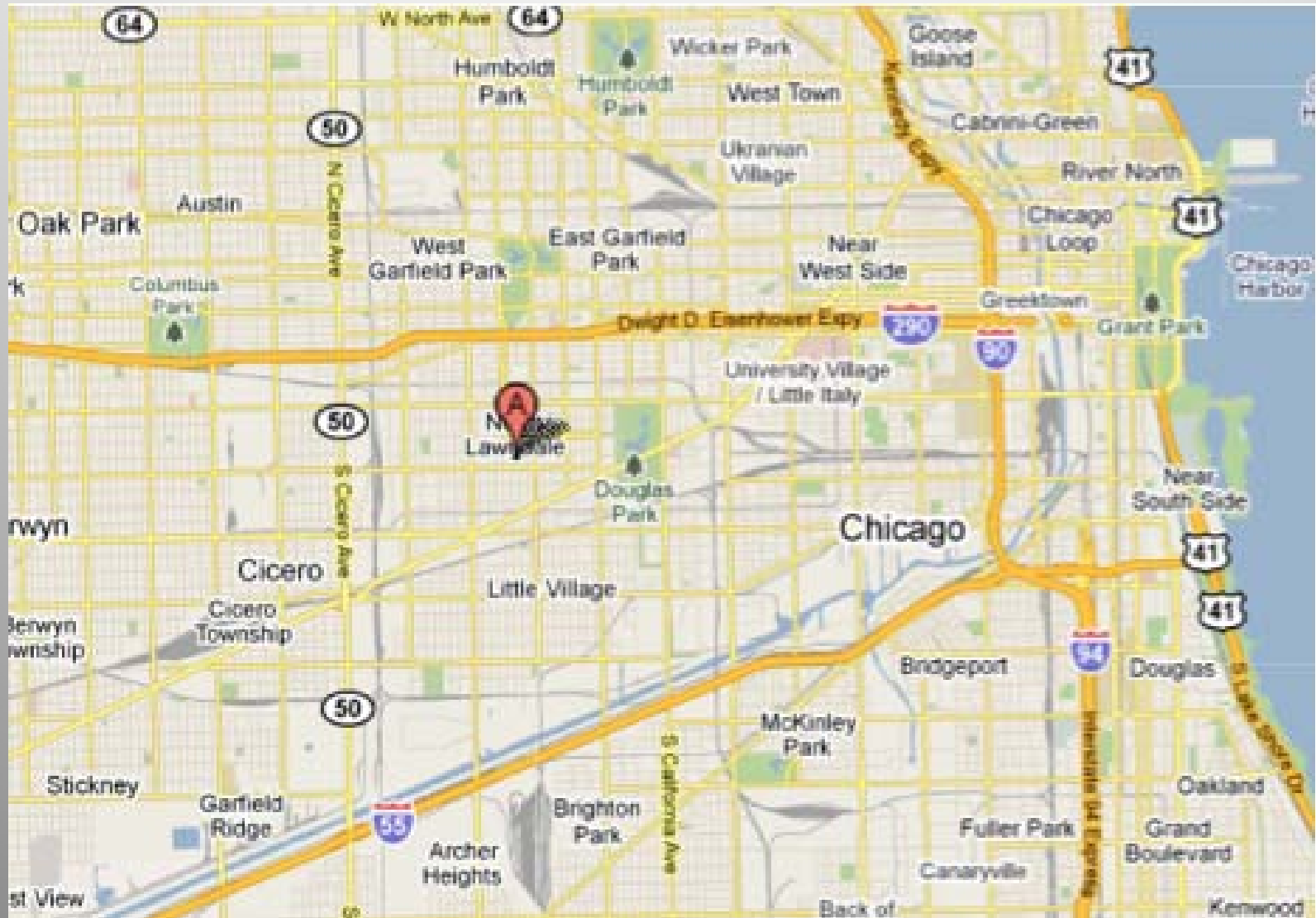
MACROSTIE HISTORIC ADVISORS LLC
Historic Building Development Planning

Henry Ford Power House Charter High School

- aka - Charles H. Shaw Technology and Learning Center, a \$48 million adaptive reuse project.
- Conversion of a vacant power plant (the Power House) in Chicago, Illinois, into a LEED-rated school facility and community meeting space.
- MacRostie Historic Advisors Midwest Office lead by Allen Johnson provided HTC consulting.

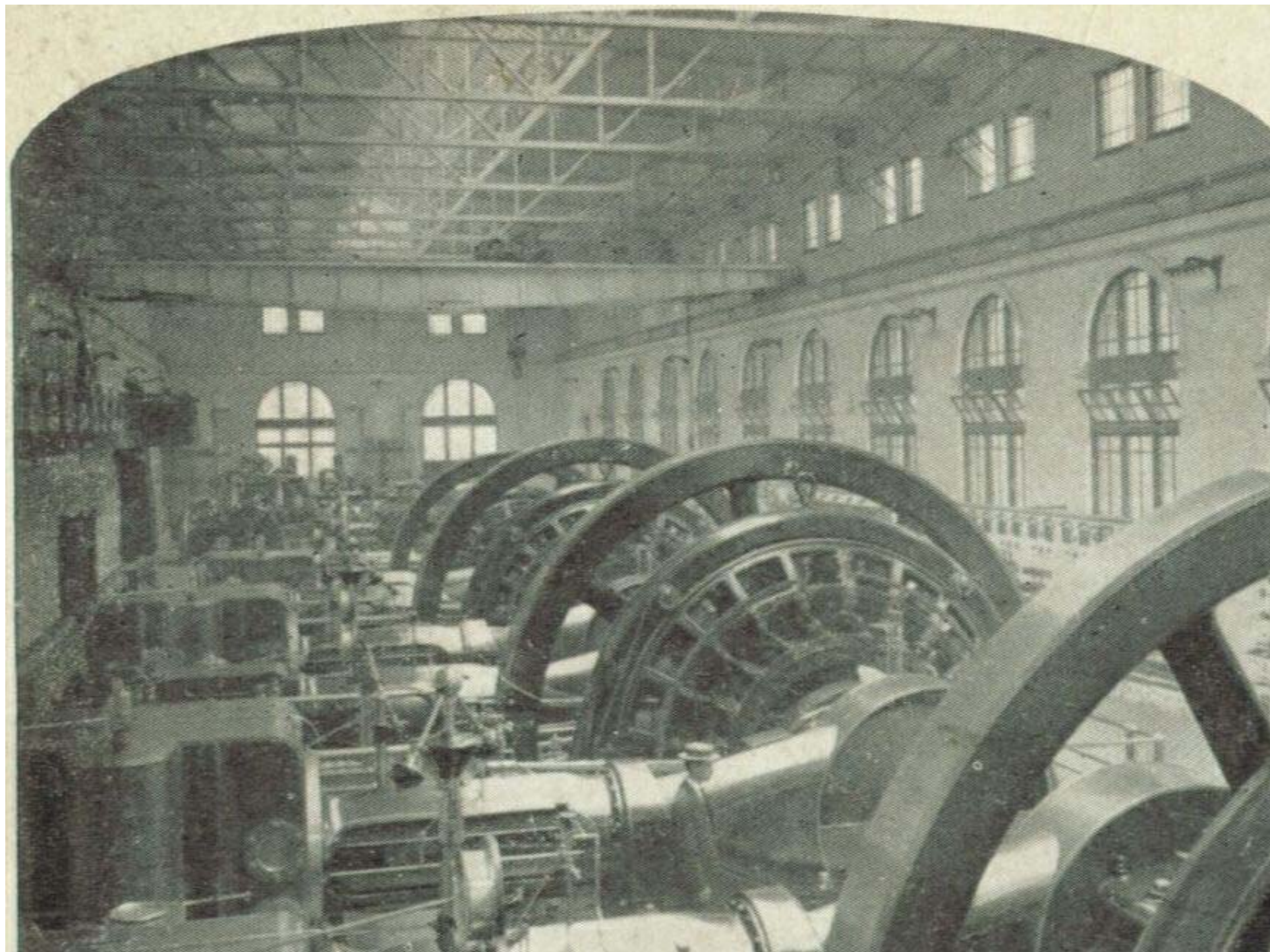
Site History

- Constructed in 1905 as one of four main buildings at the Sears, Roebuck & Company world headquarters in North Lawndale area of Chicago.
- Designed by George C. Nimmons.
- 55-acre complex, which was the largest mail order and merchandise company in the United State until the '70s
- 1973 relocation to the Sears Tower in downtown Chicago.
- 1990s, the Power House was fully decommissioned, vacant, and deteriorating.



704. *Sears, Roebuck & Co. Plant, Chicago.*









Homan Square Community Center Foundation

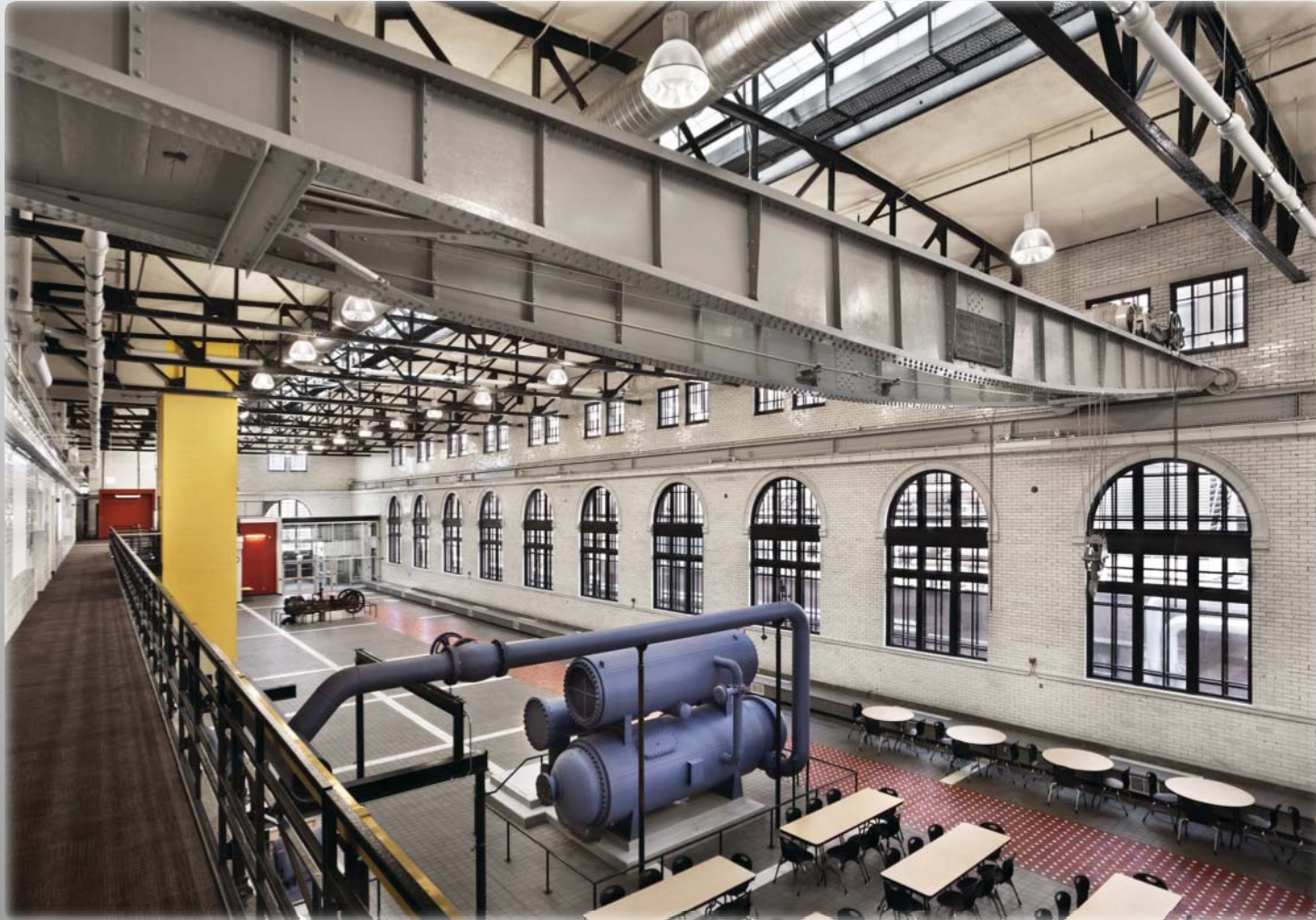
- North Lawndale was identified as one of the most troubling neighborhoods in America.
- Sears sought advice from Charlie Shaw and the Shaw Companies in the late 1980s to pursue ideas for redeveloping the massive campus.
- Shaw organized the Homan Square Community Center Foundation which developed and overall plan.
- Many of the buildings were redeveloped in public private partnerships with the Power House one of the final pieces.

Henry Ford Power House Charter High School

- The adaptive reuse of the Power House into the Charles H. Shaw Technology & Learning Center provides space for the Henry Ford Power House Charter High School.
- School serves 460 local high school students, while offering meeting and performance space for the community.
- Emphasizes a rigorous academic curriculum that utilizes the renovated building's "green" features to enhance lessons on the environment, clean energy technologies, and sustainability.

Sustainable & Green Aspects Part of Educational Program

- New technologies for cost savings, and learning opportunities:
 - geothermal heating and cooling,
 - energy recovery ventilators,
 - high-efficiency lighting,
 - storm water management.
- Achieved a gold rating under the U.S. Green Building Council's LEED rating system.



Darris Lee Harris

Remnants of the facility's industrial past, such as turbines, hoppers, a coal ash conveyer belt, boilers, steam piping, and sliding fire doors, were retained.



The monumental north hall was preserved intact and updated with the careful insertion of an elevator, assembly space, lockers, and a lunch room.



Original wood windows were restored and retrofitted for enhanced energy performance.

Initial Financing Concerns

- Difficult site significant environmental issues, landlocked, and a major renovation requiring significant subsidy.
- Redevelopment as an educational facility posed additional financial and timing challenges.
- Close to 50% of the total development costs were funded by private contributions in the form of contributions to a capital campaign and loans.
- For the project to close on time and the school to open on schedule, two key individuals and the Homan Arthington Foundation bridged the financing gap with loans.

Charter School Financing

- Usually utilize some form of bonds which can sometimes conflict with the tax credit programs.
- Operate within the same limited operating parameters based on a per capita reimbursement from the state = set amount available for debt service.
- Most ramp-up enrollment over time and many schools need to occupy a facility that meets the long-term needs of the program at a time when they are only generating revenue for a fraction of the total overall enrollment.

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NMTC at Community Level

- In July of 2005, the City of Chicago created the non-profit Chicago Development Fund (CDF).
- CDF requires that projects receiving NMTC financing comply with the City of Chicago's sustainable development policy.
- Subsidy and a financing model that allowed for limited debt service through the ramp-up of operations.
- The structuring for the non-profit status of so many of the entities involved.

SOURCES

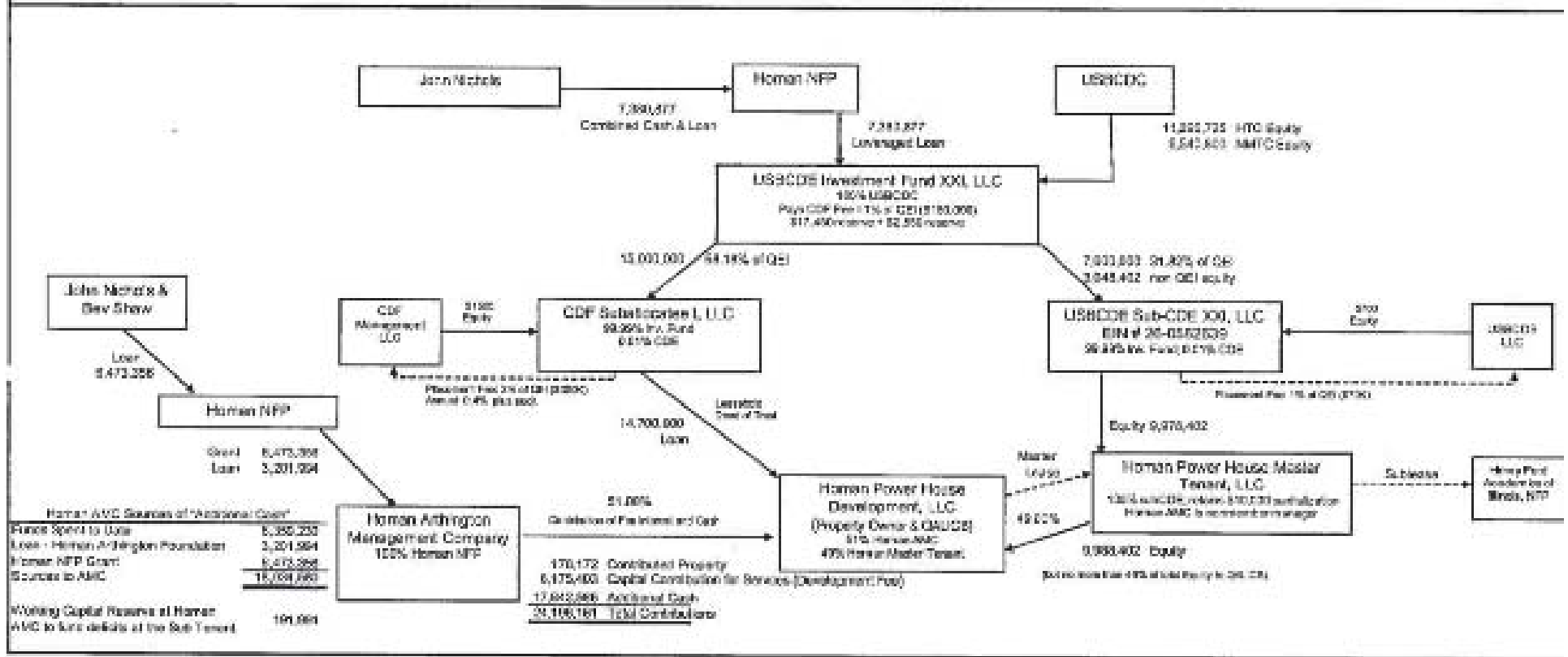
Master tenant initial equity (NMTC and HTC)	\$9,968,402
Chicago CDE Loan (NMTC)	\$14,700,000
Contributed property (value of the building)	\$178,172
Capital contribution for services (developer fee)	\$6,175,403
Additional cash*	<u>\$17,842,586</u>
Total	\$48,864,563

*(includes funds spent from capital campaign totaling \$8,359,230, a \$3,201,994 loan from the Homan Arthington Foundation, and \$6,473,356 in direct loans from two prominent project supporters)

Deal Structure

- The US Bank CDE new market investor and purchased the historic credits.
- US Bank made an equity investment into Homan Power House Master Tenant, LLC and there is a master lease between the Homan Power House Development LLC and the Homan Power House Master Tenant, LLC.
- Sublease between the Homan Power House Master Tenant, LLC and the Henry Ford Academies of Illinois, Not for Profit.
- The Homan Arthington Management Company, which is 100% owned by the Homan Not for Profit, manages the Homan Power House Development, LLC and made a contribution of its fee interest and cash into the deal.

Homan Power House Proposed New Markets Tax Credit Transaction Structure "R-3"

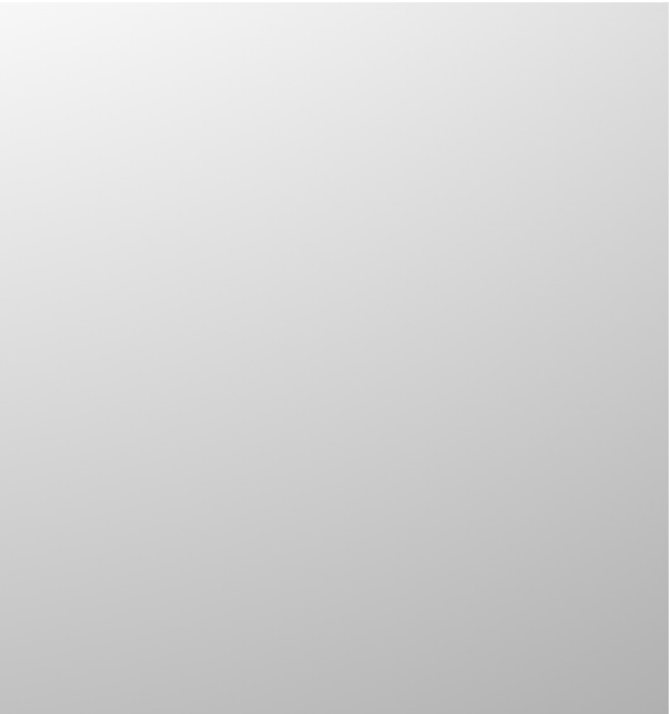


Power House High

- Preparing North Lawndale students for academic and career success requires a solid connection between the what happens in the classroom and the world all around.
- Creative school design and an innovative curriculum.
- Incorporates themes associated with environmental sustainability and green technology.

Lessons Learned

- There were competing priorities throughout the project including balancing green goals with historic guidelines.
- Value engineering activities were heavily influenced by preserving the ability to access the HTC's and achieving the programmatic objectives and community goals for the project.
- Participation by the City CDE and fundraising in the community key to project success.
- Charter school excellent uses to help spur comprehensive neighborhood development.
- Creative structuring allowed project to maximize sources.













Darris Lee Harris



Allen Johnson, Director
Midwest Office

MacRostie Historic Advisors LLC
53 West Jackson Boulevard, Suite 1357
Chicago IL 60604

(312) 786-1700 tel
ajohnson@mac-ha.com

Albert Rex, Director
Northeast Office

MacRostie Historic Advisors LLC
810 Memorial Drive, Suite 101
Cambridge, MA 02139

(617) 499-4009 tel
arex@mac-ha.com

www.macrostiehistoric.com