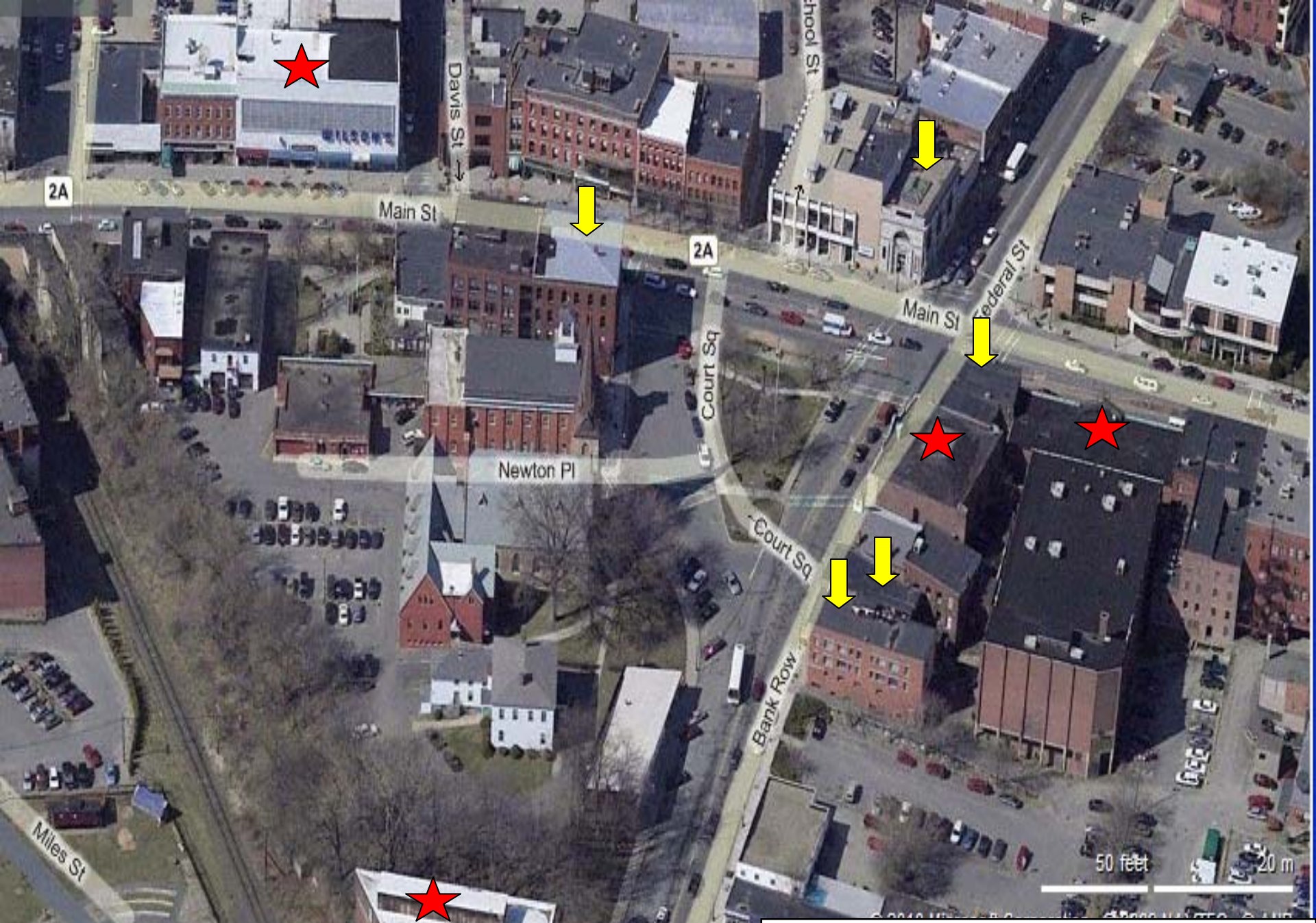
Downtown Greenfield

Vital Statistics

- Business center of rural county; 100 miles west of Boston
- Town Population: 18,000; County Population: 72,000
- 59% live in 3 NMTC census tracts; 63% MFI, 17.2% poverty
- 9 vacant or mostly vacant buildings totaling 175,000 s.f. in downtown's center plus historic theatre needing restoration
- Decline of tap and die manufacturing; agriculture



Downtown Greenfield Building Renovation Project
March 9, 2010

PUSHKIN
GALLERY
PUSHKIN
Banknorth
24-Hour ATM
2A WEST
SHELBURNE

America

2A

Barriers to Redevelopment

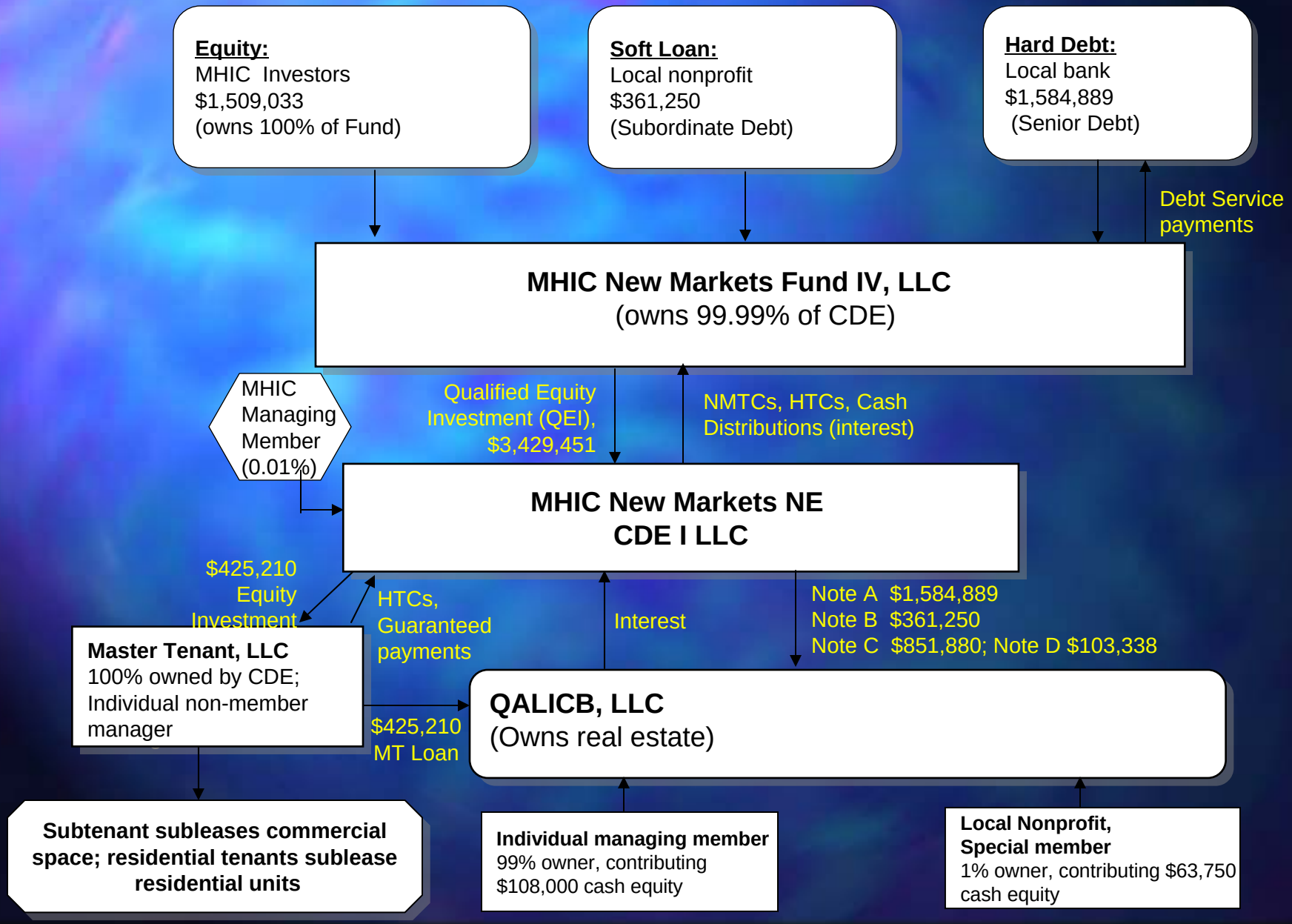
- Small buildings, multiple owners
- Costly renovation
- Low rents
- Weak market—who would lease the space?
- Insufficient return to private investment
- Lack of experience with tax credit finance
- Inefficiency of complex financing for small buildings

"This is the most exciting thing that's happened to Greenfield in 35 years!"

Programmatic Solution

- **Same financing structure/docs. for all projects**
- **NMTC/HTC/SHTC**
- **Single Leveraged Lender: local bank**
- **Same attorney, accountant, consultants**
- **Nonprofit special member with tax credit experience--bookkeeping, SHTC proceeds, additional leveraged lender**
- **SHTC bridge lender: MHIC**

Greenfield Example - New Markets/Historic Tax Credit Financing Structure



Two Buildings Treated as Single Building

- Factors similar to those set forth in recent Private Letter Ruling
- Two buildings contiguous; share an elevator/basement
- Buildings financed under a common plan of financing
- Buildings operated/managed as a unified project under a single set of books and records with shared service contracts
- Buildings share common parking under an agreement with the City of Greenfield
- The result is that two buildings can be combined for purposes of determining whether they constitute “residential rental property”

Commercial/Residential Lease Structure

- Pro forma rents for buildings:

  1-3 Bank Row: $79,800 commercial; $27,600 residential

  19-23 Bank Row: $24,000 commercial; $48,000 resid.

  25-27 Bank Row: $57,327 commercial; $0 residential
- At pro forma rents, one building has 33% commercial and the other has 75% commercial.
- Master commercial sublease to developer affiliate with a base rent sufficient to yield 31% commercial rents plus additional rent payable from excess cash flow.
- Treating 19-23 and 25-27 Bank Row as a single building boosts commercial rents from 33% to 63%.

2A EAST
ATHOL
NEXT RIGHT
2A WEST
SHELBURNE
NEXT LEFT
22GF34