

Investing in Main Street

white + burke

VERMONT
DEVELOPMENT
CONFERENCE

Learning Objectives

- Rural Main Street Economics
- Leveraging Assets
- Design Fundamentals
- Financing Opportunities



Rural Main Street Economics

Downtown Building Project Economics						
Cost / SF						
Revenue	16	18	20	22	24	26
Operating Expenses	6	6	6	6	6	6
Net Operating Income	10	12	14	16	18	20
Value (7% CAP rate)	143	171	200	229	257	286
Acquisition	50	50	50	50	50	50
Soft Cost	15	15	15	15	15	15
Cost to Construct	78	106	135	164	192	221

Rural Main Street Economics

- **Walkable Urban Places**
- **Human Capital**
- **Financial Capital**
- **Regional Economic Requirement**

Community Enabled Development



Leveraging Assets

- **Institutions**
- **Person**
- **Government**
- **Second Home Owners**
- **Citizen's Group**
- **Recreation**
- **Natural Attractions**

Design Fundamentals

“You can’t rely on bringing people downtown, you have to put them there.”

- Jane Jacobs, *The Death and Life of Great American Cities*

- **Active Streetscape**
- **Quality Public Realm**
- **Continuous Permeable Edges**
- **Program Public Spaces**
- **Private Space with Boundaries**
- **Minimize Retail**
- **Maximize Housing**
- **Diversity**



GAP Financing

Tax Credits	NMTC, Historic, LITC
Grants	Brownfield, CDBG, Efficiency
Equity	Condo, Preferred, EB5, Targeted
Tax treatments	Depreciation, Opportunity Zone Funds
Tax Efficient Structure	501(c)(3) or (c)(6)
Debt	USDA RD, Private Activity Bond, FHL Bank Special Rates, VEDA

Putnam Block, Bennington VT

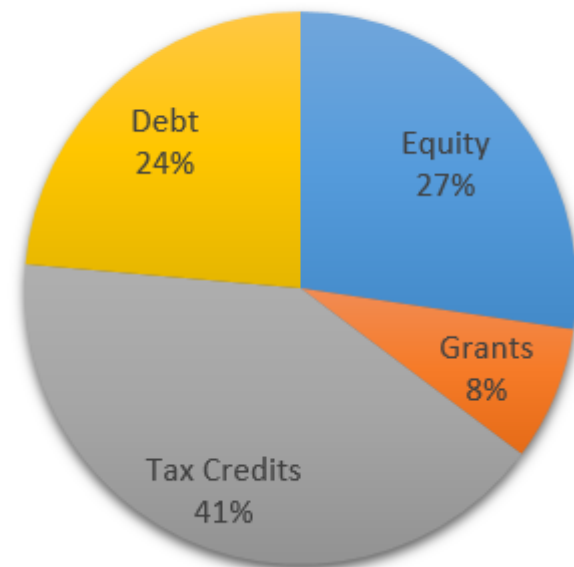


Putnam Block

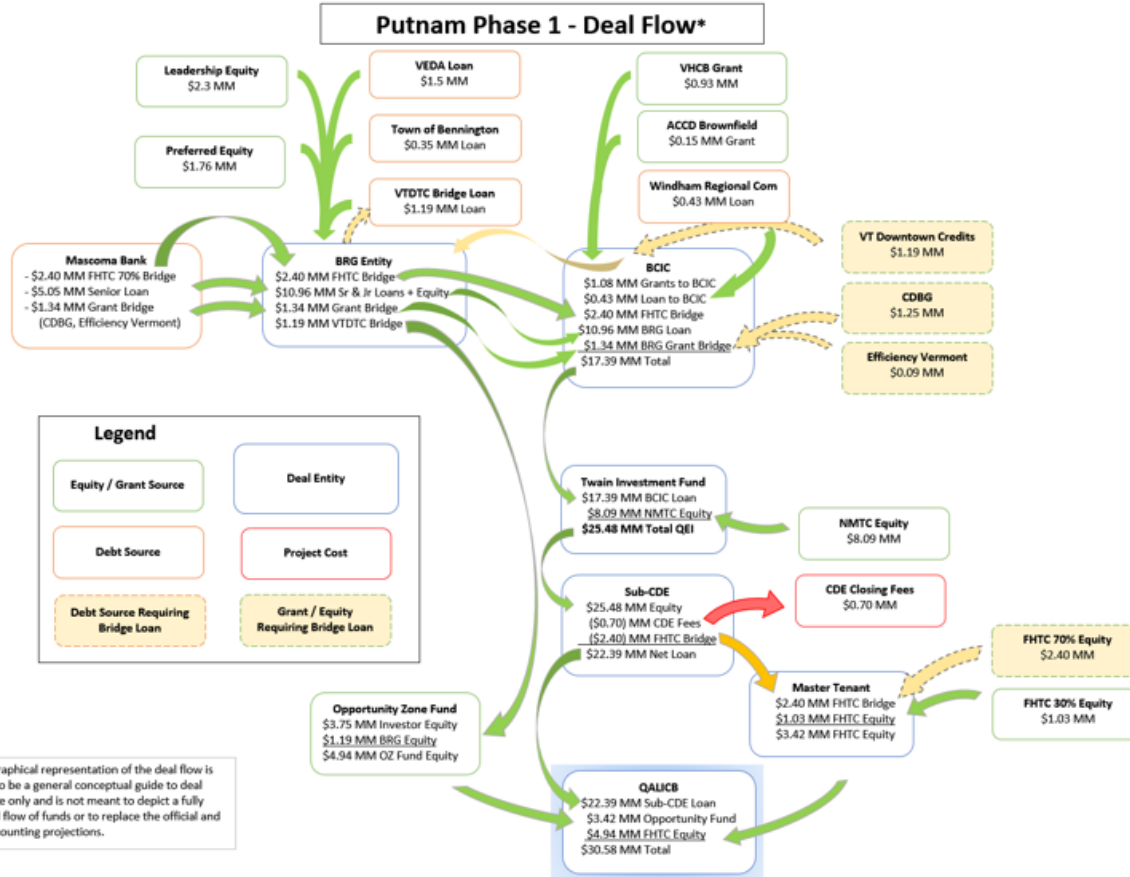
Putnam Redevelopment Project - Capital Stack

<u>Source</u>	<u>Contribution</u>
BRG Leadership Equity	\$2,311,191
BRG Member Loan	\$660,000
Preferred Equity	\$1,780,000
Opportunity Zone Equity	\$3,750,000
VT Community Development Block Grant	\$1,250,000
VT Housing & Conservation Board Grant	\$935,000
Efficiency Vermont	\$100,000
Federal Historic Tax Credits - <i>US Bank</i>	\$3,441,189
VT Downtown Credits - <i>Bank Benn, VT Mutual, Peoples</i>	\$1,186,000
New Markets Tax Credits - <i>US Bank</i>	\$8,141,250
Senior Bank Loan - <i>Mascoma Bank</i>	\$5,050,000
Junior Debt - <i>Vermont Economic Development Authority</i>	\$1,500,000
Brownfields Revolving Loan Funds - <i>WRC</i>	\$430,000
Brownfields Grant - <i>VT ACCD</i>	\$150,000
Town of Bennington Revolving Loan Fund	\$350,000
TOTAL PROJECT FUNDING SOURCES	\$31,034,630

Capital Stack



Putnam Block



Opportunity Fund

Community Investment + Tax Avoidance = 😊

OZ Fund	
Untaxed Capital Gains:	\$1,000,000
Return:	4%
Assumed Tax Rate:	23.8%
Initial Tax Liability:	\$238,000
Investable Gains:	\$1,000,000

=

Traditional Investment	
Untaxed Capital Gains:	\$1,000,000
Return:	6.3%
Assumed Tax Rate:	23.8%
Initial Tax Liability:	\$238,000
Investable Gains:	\$762,000

Opportunity Fund

Monetizing Depreciation and Gain from sale of Asset

QUESTIONS?



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Principal

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