



# The Campana

Redevelopment of a Batavia Landmark  
Plan Commission Continuance - August 30, 2017



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# What is building's economic potential?

- ▶ **Current approach: good for limited maintenance, but cannot provide long-term rehab**
- ▶ **Our full construction program: \$20 million, \$30 million total project cost**
  - ▶ Back out 20% for Davis-Bacon, affordable housing and investor standards: assume \$16M
  - ▶ Add \$10M for acquisition, attorneys/accountants/architects, financing and title costs
  - ▶ Total program: \$26M
  - ▶ Commercial and residential NOI without restrictions: \$900,000 in year 1
  - ▶ Supportable debt: \$10.5 million, plus \$3.5 million in federal HTC equity
  - ▶ Requires \$12 million in developer equity to work (our approach replaces this with nearly \$20 million in tax-credit driven equity and debt from subsidy sources)
- ▶ **Best-case return on equity: 5.7% cash-on-cash or 3.0% IRR**
- ▶ **Conclusion: Insufficient for any real estate investor today**
- ▶ **If the market had a solution for this building, it would have delivered it already!**

# What do you do with a complex historic preservation challenge where “the market” cannot provide a solution?

## ▶ Use of federal tax credits

- ▶ Historic tax credits - HTC: renovate the building in accordance with the Secretary of the Interior’s Standards for Historic Preservation
- ▶ Housing tax credits - LIHTC: provide housing for individuals / families at or below 60% of area median income

## ▶ Use of state tax credits

- ▶ Illinois affordable housing tax credits - IAHTC

## ▶ Use of other supporting financial programs

- ▶ Kane County allocation of federal HOME funds
- ▶ Federal Home Loan Bank program

# The Campana Redevelopment

- ▶ The proposed redevelopment addresses the building's significant capital needs using economic tools beyond those which a typical market-based solution could provide
- ▶ It is rehabilitating the building to stringent Federal standards for historic buildings
- ▶ It is bringing new mixed-income housing to a community where nearly all have acknowledged the need for it
- ▶ Its parking solution has even been accepted as adequate by opposing consultants, and the remaining requested modifications are modest and only as needed for the project
- ▶ Its design and development team has a track record of success at this type of complex multi-layered project