ULI Rose Center presents
Preserving and Repurposing Industrial Land for Economic Development

A review of the challenges and opportunities for communities redeveloping automotive industrial sites

Alison Johnson
Program Manager
202-624-7015; alison.johnson@uli.org
• Welcome
• ULI Rose Center
  – Who we are/what we do
• Webinar instructions
• Webinar
Mission:

“. . . to encourage and support excellence in land use decision making. By providing public officials with access to information, best practices, peer networks and other resources, the Rose Center seeks to foster creative, efficient, practical, and sustainable land use policies.”
Fall Meeting events

Wed., October 17

  • Cracking the Regional Nut: Transportation Planning, Funding, and Voting
    3:00- 4:15pm, Colorado Convention Center

Thurs., October 18

  • Innovative Placemaking: Adding Value to your Communities Through Art
    11:15- 12:30pm, Colorado Convention Center

  • Mayors’ Forum on the role of public-private partnerships in city building
    - Public/Private Partnership Practitioners’ Panel 2:30-3:45p
    - Mayors’ Panel on Public/Private Partnership 4:00-5:30p
    - Public Officials Reception 5:30-6:30p
    Embassy Suites Denver Downtown/Convention Center
    Crestone Ballroom (3rd Floor)
    1420 Stout Street

Mayors’ Panel moderator: Henry Cisneros, Founder and Chair, CityView, Los Angeles, CA
Former Secretary of Housing and Urban Development (1993-97) and Mayor of San Antonio (1981-89)

Download the ‘ULI Fall Meeting 12’ app!

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How this webinar works:

• Webinar audio information:
  • **Dial-in #: 866.404.3683**
  • **Conference code: 1496305939**

• All callers are muted during the presentation
  • To prevent any audio disruption, please mute your individual line by pressing *6. You can un-mute your line by pressing #6.

• To ask a question-
  • During the presentation, type your question into the *Question* or *Chat* box, the moderator will review and present your questions to the panelists.
  • There will be time for questions at the end of the presentation.
Valerie Sathe Brugeman
Project Manager, Sustainability and Economic Development Strategies
Center for Automotive Research
Ann Arbor, MI

Andrew Kuchta
Director, Community & Economic Development
Clermont County, OH
Batavia, OH

Alison Johnson
Program Manager
202-624-7015; alison.johnson@uli.org
Repurposing Former Automotive Manufacturing Sites

Center for Automotive Research
Valerie Sathe Brugeman

25 September 2012
Background

• White House Office of Recovery for Auto Communities and Workers / U.S. Department of Labor commissioned the study

• Deliverables included:
  • Database of all closed and repurposed automaker manufacturing facilities since 1979
  • In-depth case studies of seven locations
  • Final summary report

Image Source: Center for Automotive Research
Overall Numbers

• Since 1979...
  • **447 automaker facilities** have been in operation
  • 267 have closed
  • 128 have been repurposed / are transitioning
OVERALL TRENDS IN CLOSED FACILITIES
U.S. Automotive Plant Closures by Year: 1979-2015

- 48% of closures occurred between 2004-2011

Source: Center for Automotive Research
U.S. Automotive Plant Closings Since 1979

- 65% of closures (173) are located in Michigan, Ohio, and Indiana

Source: Center for Automotive Research
Percentage of Closed Facilities by Automaker

- General Motors had the most plants operating, and also the most closed: 173
- Chrysler: 44
- Ford: 43
- Volkswagen: 3
- Avanti Motors: 2
- NUMMI: 2

Source: Center for Automotive Research
OVERALL TRENDS IN REPURPOSED FACILITY SITES
Sites Purchased for Repurposing by Year: 1980-2011

- The majority of sites have been purchased for repurposing in the 2000s and 2010s

Source: Center for Automotive Research
## Repurposed Use Categories

<table>
<thead>
<tr>
<th>Type of Reuse</th>
<th>Number of Sites</th>
</tr>
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<tbody>
<tr>
<td>Industrial</td>
<td>76</td>
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<tr>
<td>(Automotive Manf.)</td>
<td>(22)</td>
</tr>
<tr>
<td>Logistics and Warehousing</td>
<td>33</td>
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<tr>
<td>Commercial</td>
<td>31</td>
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<tr>
<td>Education</td>
<td>8</td>
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<tr>
<td>Research and Development</td>
<td>8</td>
</tr>
<tr>
<td>Automotive (Non-Manf.)</td>
<td>6</td>
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<tr>
<td>Vacant</td>
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<tr>
<td>Recreational</td>
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<tr>
<td>Government</td>
<td>4</td>
</tr>
<tr>
<td>Residential</td>
<td>4</td>
</tr>
</tbody>
</table>

*Source: Center for Automotive Research*
Standing Building vs. Demolition

- Two/thirds of the repurposed sites either had no previous building demolition or less than 25% demolition

Source: Center for Automotive Research
Jobs Potential

- On average, 260 jobs were created at each repurposed site

*Image source: workplacepsychology*
Government Involvement

Federal:
- Environmental Protection Agency
- Department of Housing and Urban Development
- American Recovery and Reinvestment Act 2009
- Department of Commerce
- Department of Agriculture
- Department of Transportation
- Army Corp of Engineers
- Revitalizing Auto Communities Environmental Response (RACER) Trust

State and Local:
- Brownfields programs
- CDBG
- Enterprise/Renaissance Zones
- Tax abatements, credits increment financing
- Grants
- Loans

Other:
- Local or regional foundation assistance
- New legislation passed
CLOSED AND REPURPOSED PLANT SITE COMPARISONS
Geographical Comparison of Facilities that Remain Closed and Repurposed Sites

Source: Center for Automotive Research
Closed and Repurposed Facilities by Region

- Midwest region has a repurposing rate of 40%
- Texas and California have a repurpose rate of 100%

Source: Center for Automotive Research
County Statistics and Rate of Repurposing

- Rates of repurposing were **higher** in counties with lower unemployment and population growth.
- Rates of repurposing were **lower** in counties with a high density of closed plants.

Source: Center for Automotive Research
CASE STUDIES – LESSONS LEARNED
Former Auto Manufacturing Facilities – A Closer Look

- Baltimore, MD
  - GM Assembly now Chesapeake Commerce Center
- Batavia, OH
  - Ford Transmission now UC Clermont East Campus and other manf.
- Coopersville, MI:
  - Delphi Fuel Injector Plant now Continental Dairy Powdered Milk manf.
- Doraville, GA
  - GM Assembly – still undeveloped
- Kenosha, WI:
  - Chrysler Assembly now HarborPark Development
- Sleepy Hollow, NY:
  - GM Assembly – still undeveloped
- South Gate, CA:
  - GM Assembly now three public schools and other industrial uses
Group Effort

• Broader support is imperative to communities as they seek redevelopment opportunities
• A focused, regional team is ideal to attract attention for the property

Former GM plant site in Sleepy Hollow, NY

Building additions at the former Delphi Plant in Coopersville, MI
Community Engagement

• Involving a community in development plans was helpful in several case studies
• Process takes longer, but avoids delays and confusion later

View of HarborPark development in Kenosha, WI
Understanding Local Politics

• Most development decisions are made at a local-level, therefore understanding how things work at that level is important.
Customizing Local and State Policies

• The ability of local and state representatives to think out-of-the-box, and amend policies when appropriate

Kenosha Public Museum on site of Chrysler Plant.
Source: Kenosha City Development
CONCLUSIONS
Conclusions

• Policymakers can consider:
  • Large number of closures in the last decade warrant comprehensive community assistance
  • Target assistance to communities with:
    • Decreasing population
    • High unemployment
    • High density of closed plants

• Communities can consider:
  • How best to employ the lessons learned from the case studies

• Report is located here: http://www.cargroup.org/

• Recently completed a repurposing study focused on Midwest auto communities
Clermont County, Ohio Case Study:
Ford Transmission Plant Redevelopment

Andy Kuchta
Director, Community & Economic Development
Clermont County, OH
Batavia, OH
Location
Ford Plant History

- Constructed in 1981 to produce front wheel drive passenger car transmissions
- Employed 2,500 at it’s peak; 1,700 at time of closure announcement
- 1.8 million SF total with approximately 75,000 SF office space on 230 acres
- Coal fired boiler steam heat system
- Rail spur
- 19’ clear height throughout except for 30’ in the 300,000 SF heat treat area
Ford Plant Closure

- Closure announced in January 2006

- County spearheaded 3-prong task force:
  - Reverse Closure Decision
  - Assist Dislocated Employees
  - Reuse of Facility

- Employees were phased out over time with final shutdown August 2008
Finding a Buyer

- Ford marketed the facility nationally in 2009

- Only 6 developers toured the site and 3 submitted bids

- Only bid to be considered was from Industrial Realty Group (IRG)

- IRG is an LA-based development company with over 50 million SF of properties
  - Approximately 30 million SF in Ohio

- Several BIG problems:
  - It was 2009; no tenants; no lenders
Financing Package

- Developer needed $3.5 million to acquire property, plus an additional $2 million for emergency renovations.

- County and developer initially told “no” by State of Ohio.

- Called bond underwriter who worked with State Ohio Bond Enterprise Fund (OEBF) for over 20 years.

- Sold the bond underwriter on County’s willingness to participate financially with $2 million guarantee.
The PROCESS

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<tr>
<th>Event</th>
<th>Responsibility</th>
<th>Date</th>
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<tbody>
<tr>
<td>Revised Draft of Bond Documents &amp; POS</td>
<td>Bond Counsel / Disclosure Counsel</td>
<td>Wednesday, December 23rd</td>
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<tr>
<td>County Allocates the Recovery Zone Bonds to the State</td>
<td>Clermont County / Bond Counsel /</td>
<td>Prior to January 25th</td>
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<td>Zoning Ordinance is Presented to Board</td>
<td>Treasurer</td>
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<td>Conference Call - Status Update: 800-358-9352 pin# 5381778</td>
<td>Company</td>
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<tr>
<td>Submit Package to Rating Agency</td>
<td>All Parties</td>
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<tr>
<td>All Final Comments due on Documents</td>
<td>Bair</td>
<td></td>
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<tr>
<td>Final Draft of Bond Documents and POS</td>
<td>All Parties</td>
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<tr>
<td>All Environmental Issues Satisfied</td>
<td>Bond &amp; Disclosure Counsel</td>
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<td>Conference Call - Status Update: 800-358-9352 pin# 5381778</td>
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<tr>
<td>Receive Rating</td>
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<tr>
<td>Print Preliminary OS</td>
<td>Bair</td>
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<tr>
<td>Pre-Marketing Call: 800-358-9352 pin# 5381778</td>
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<tr>
<td>Investor Presentations</td>
<td>Bair / Disclosure Counsel</td>
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<td>Market Bonds</td>
<td>Treasurer / Underwriter / Bair</td>
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<td>Print Final OS</td>
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<td>Treasurer &amp; ODOD Signatures</td>
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<tr>
<td></td>
<td>All Parties</td>
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</table>

THE BORROWER

IRG Batavia I, LLC (the “Borrower”) is a limited liability company duly organized and validly existing under the laws of the State of Ohio. The Borrower has its headquarters in Akron, Ohio and is primarily owned by Stuart Lichter and Christopher Semarjian.

SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds for the Project, including the use of Bond proceeds:

**SOURCES OF FUNDS:**
- Bond Proceeds: $4,490,000.00
- Taxable Bond Proceeds: $1,645,000.00

**TOTAL SOURCES:**
- $6,135,000.00

**USES OF FUNDS:**
- Acquisition of Project Facilities: $2,032,163.64
- Acquisition of Project Site: $1,467,836.36
- Renovation of Project Facilities: $2,000,000.00
- Contingency: $146,687.20
- Original Issue Discount: $42,294.55
- Additional Company Closing Costs: $55,000.00
- Estimated Capitalized Interest - Bonds: $181,125.50
- Estimated Capitalized Interest – Taxable Bonds: $53,380.25
- Estimated Cost of Issuance of Bonds: $88,954.11
- Estimated Cost of Issuance of Taxable Bonds: $67,558.39

**TOTAL USES:**
- $6,135,000.00

(1) No Bond proceeds in excess of 2% of the sale proceeds of the Bonds will be used to pay costs of issuance for the Bonds.
County Participation

- County Commissioners transferred $2 million to Community Improvement Corp.
  - $2 million is held in escrow and will be released under certain conditions

- CIC signed all agreements as part of the financing package

- CIC received 36 acres of land from IRG, with agreement to sell back to IRG 2012-2014 for $439,000

- CIC also receives $10,000 annually from IRG
180 jobs retained/added
First time residents can earn a Bachelor’s degree in the County
Hub of UC’s 25-year growth plan to serve areas east of Clermont
Building was saved from being demolished and sold for scrap
Development Opportunities

Ford Plant & Afton Area
Lessons Learned

- One person should “own” the project
- Don’t take “no” for an answer
- Don’t be shy about looking out for your community’s interests
- Get creative and throw every tool at the problem
- You can’t know everything about everything
- Success provides a huge morale boost to the community
QUESTIONS?

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ULI Rose Center

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• Complete our survey via Survey Monkey

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