



# Feasibility Study for a Downtown Revolving Fund for Joplin, Missouri



Prepared for the Downtown Joplin Alliance  
With support from the 1772 Foundation  
FINAL DRAFT - September, 2019

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**Prepared for the Downtown Joplin Alliance  
With support from the 1772 Foundation**

**Prepared by**

**Heritage Consulting Inc.  
and  
Heritage Strategies, LLC**

**September 2019**

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## Table of Contents

Executive Summary.....	ix
Building on the Successes of the Empire Market and Howsmon Building .....	ix
Short-term and Long-term Impacts .....	x
The Basic Idea of an Endangered Property Fund.....	x
Recommendations .....	xii
Chapter 1: Introduction .....	1
Feasibility Study.....	1
Acknowledgments .....	2
Chapter 2: Downtown Joplin – A Snapshot Today .....	5
Existing Conditions in Joplin, Missouri .....	5
The Downtown Joplin Alliance .....	7
Success of the Empire Market .....	9
Differences between the Empire Market Project and the Proposed Endangered Properties Program ..	11
Establishing an Endangered Properties Program .....	12
Chapter 3: Needs Assessment for a Revolving Fund in Downtown Joplin .....	15
Current Conditions .....	15
Problems to Overcome .....	16
Anticipated Impacts of a Revolving Fund on Downtown Joplin .....	19
Conclusion .....	21
Chapter 4: Revolving Fund Options.....	23
The Acquisition Fund.....	23
The Loan Fund .....	25
The Hybrid Acquisition and Loan Program .....	26
Recommendation .....	27
Chapter 5: Tools and Techniques for a Local Revolving Fund .....	29
Techniques Available to Nonprofit Endangered Property Programs .....	30
Tools for Successful Real Estate Transactions .....	31
Tools that Encourage Historic Preservation .....	32
Financial Incentives that Help the Bottom Line.....	36
Chapter 6: Organizational Issues in Creating a Revolving Fund.....	39
Incorporation.....	40

Applying for IRS 501(c)(3) Federal Tax Status ..... 42

The EPP Board of Directors..... 44

Chapter 7: Initial Analysis – Capitalization and Costs ..... 48

    Introduction ..... 48

    Capitalizing the Revolving Fund..... 48

    Timing for Fundraising ..... 49

    Proposed First Year Budget For Operating Funds..... 49

    A Multi-Pronged Approach to Community Support for an Endangered Properties Program ..... 53

Chapter 8: Recommended Revolving Fund Program for Downtown Joplin Alliance ..... 55

    Creating Impact..... 55

    Mission Statement..... 56

    Identifying the Target Area..... 57

    Opportunity Zones in Joplin MO ..... 63

    Recommended Criteria for Accepting Properties ..... 63

    Monitoring Threatened Properties ..... 65

    Other Consultants Needed ..... 66

    Application Forms ..... 69

    Sample Timeline for an EPP Project ..... 70

    Mission Statements for Preservation Revolving Funds ..... 75

Chapter 9: Marketing ..... 77

    Introduction ..... 77

    Marketing to Obtain Properties to Sell ..... 77

    Marketing to Preservation-minded Buyers..... 79

    Conclusion..... 83

Chapter 10: Volunteer and Community Involvement in an Endangered Properties Program ..... 85

    Introduction ..... 85

    Committee members..... 85

    Sub-committees and Committee Members..... 86

    Recruiting Individual Volunteers ..... 87

Chapter 11: A Portfolio of Potential Endangered Properties Program Projects..... 89

    Introduction ..... 89

    PROPERTY 1: Souls Harbor..... 90

    PROPERTY 2A: Model Clothing Building ..... 92

    PROPERTY 2B: Model Clothing Building ..... 93

    PROPERTY 3: 410 South Wall Avenue ..... 95

PROPERTY 4: YMCA Building .....	96
PROPERTY 5: 930 South Main Street .....	97
PROPERTY 6: Joplin Union Depot .....	98
PROPERTY 7: 826 South Main Street .....	100
PROPERTY 8: 926 South Main Street .....	101
PROPERTY 9: Olivia Apartments.....	102
PROPERTY 10: Ambassador Apartments .....	104
PROPERTY 11: Mayflower Apartments .....	105
PROPERTY 12: Joplin Carnegie Library .....	107
PROPERTY 13: Glen Theater .....	108
Chapter 12: Conclusion.....	110
Empire Market.....	110
The Howsmon Building.....	111
Impact of the Revolving Fund on DJA Organization .....	111
Intervention .....	112
Good Will .....	113
Final Evaluation .....	114
Credits .....	115

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## EXECUTIVE SUMMARY

In February 2019, the Downtown Joplin Alliance (DJA) submitted a successful grant application to the 1772 Foundation for a Feasibility Study for the Creation of an Endangered Properties Program/Revolving Fund for

downtown Joplin. DJA issued an RFP for consultants in May 2019 to prepare the feasibility study. Heritage Consulting Inc. and Heritage Strategies, LLC were chosen by the DJA Board and began work on the \$20,000 grant in June 2019. This report is the culmination of the consultants' work with the DJA for the Feasibility Study.

The 1772 Foundation, based in Providence, RI, has been a national leader in promoting the creation of Revolving Funds/Endangered Properties Programs. DJA board and staff members became familiar with Endangered Properties Programs/Revolving Funds from attending an educational session about them at the National Main Street Center conference held in Kansas City in 2017.

### **Building on the Successes of the Empire Market and Howsmon Building**

The DJA's Endangered Properties Program will build on the organization's positive experience with the donation and creation of the Empire Market. The Empire District Electric Co. approached the DJA about donating their building, which no longer met the company's needs. After conducting due diligence, the Board accepted the donation of the 1907 building in December 2018. The 3.34-acre site at 931 E. Fourth Street includes a 11,000-square-foot community garden, used by area homeless shelters to grow vegetables. DJA created a year-round farmers' market which is a highly popular Saturday meeting spot. Offices on the second floor of the building have been converted into a coworking spaces that serve as an incubator for entrepreneurs, small businesses, and independent artisans. In less than two years, the Empire Market has become an economic and community centerpiece that strengthens and engages the entire city.

DJA also intervened when the Howsmon Building was threatened with demolition. Two years ago, the DJA successfully applied to the National Trust for Historic Preservation for grant funds

to pay for an out-of-town preservation engineer to determine whether the rear section of the Howsmon Building, at 508 Virginia Avenue, was indeed structurally deficient. The firm agreed with the City's engineer. The City had already declared the property to be imminently dangerous. The City waited until the preservation engineer's report was complete before taking action to issue an RFP for demolition. An adjacent building at 506 Virginia Avenue was saved and plans are being made for its rehabilitation. Both of these properties are within the Fifth and Main National Register Historic District.

### **Short-term and Long-term Impacts**

Downtown Joplin has an estimated two dozen or more threatened properties that would be better served if they were rehabilitated and put back into active and productive use, paying property taxes to schools, the county, and local government and influencing their surroundings for the better. These are unique buildings that could provide needed housing and/or office and professional service spaces in downtown. Conversion of some properties into mixed use or housing uses will bring more foot traffic and more patrons for downtown bars, restaurants, shops, and professional service establishments.

After one or two completed projects, we expect that local investors and real estate advisers will notice that downtown looks better and that more real estate is being sold; government and institutional investment can be expected to follow. The proposed EPP will make the downtown real estate market stronger by investing small sums in reports, studies, and marketing in order to sell these deteriorated buildings to preservation-minded buyers.

### **The Basic Idea of an Endangered Property Fund**

The following discussion summarizes key points made in the remainder of this report.

#### *What is an Endangered Properties Program?*

An Endangered Properties Program is an effort by a nonprofit historic preservation organization to acquire, stabilize and/or rehabilitate vacant or underutilized historic buildings and sell them to a preservation-minded buyer for rehabilitation with easement restrictions. The proposed Joplin Endangered Properties Program essentially "buys time" for threatened buildings to find a new owner.

Endangered Properties Programs/Revolving Funds are an effective and 40-year-old preservation tool. Revolving Funds were pioneered in the 1960s in Providence RI, Pittsburgh PA, and Savannah GA and are highly concentrated in the Mid-Atlantic and Southeastern states. There are now about 100 revolving funds/endangered properties programs across the nation.

#### *Why is an Endangered Properties Program needed in Joplin?*

Today there are about two dozen vacant, underutilized, or threatened historic buildings in downtown Joplin that are being ignored by the local real estate market. These properties are too

large or too deteriorated to attract new buyers. Some may have title problems (meaning multiple or out-of-town ownership), structural issues, and environmental or design concerns, which the normal real estate market has not been able to overcome, in some cases for decades. Some developers may not want to bother with the additional regulations or approvals needed to obtain the state historic preservation tax incentives or federal tax credits that would make their potential bottom line more attractive. We also understand that local and out-of-town owners may have an unrealistic understanding of the value of their building in its current condition. Finally, area developers may just lack vision when it comes to rehabilitation of these large vacant historic structures in downtown.

To counter developer concerns, the EPP can offer design sketches, floor plans, expert assistance, cost estimates, market research, and counseling on rehab tax benefits to help any developer to see past the deficits of these buildings, into a new future.

### ***Who will run the EPP?***

The Downtown Joplin Alliance is a community-driven historic preservation organization. The DJA Board consists of nine member-volunteers who are downtown property owners, business owners and managers, residents, and other community stakeholders. Two board members are *ex officio*, a City representative and a City Council representative. The EPP will be organized as a committee of the DJA to utilize existing DJA board members' skills in real estate, banking, architecture, law, and property development. The proposed EPP will also build upon the DJA's excellent working relationship with the City regarding threatened properties.

Lori Haun, Executive Director of the DJA, will allocate half of her time to the new venture. Other DJA staff will be converted to full-time, with additional staff hired as needed.

### ***How will the EPP work?***

The Joplin Endangered Properties Program committee will seek building donations or negotiate option agreements on downtown historic properties from building owners. Options take the property off the real estate market and stipulate a time period and purchase price. The option could be assigned to a preservation-minded buyer.

Depending on the needs of the historic building, the EPP may conduct one or more of the following studies on the optioned/donated property to overcome major objections for rehabilitation from potential buyers: Phase 1 environmental testing, title search, engineering assessment, marketing plans, architectural drawings and sketches, economic feasibility studies/cash flow analysis, or an appraisal. The studies/reports will be available to any prospective buyer. The EPP will pay some holding costs during the option period such as security/board-up service, pest control, emergency stabilization, if necessary, and liability insurance.

For each optioned or donated property, the EPP will create a rehabilitation agreement as part of the sales agreement. In addition, restrictive covenants or a preservation easement will be used to assure the long-term protection of the building as it is sold to a new owner.

Marketing for the new Endangered Properties Program is twofold: to engage owners to offer their endangered properties for sale through the EPP and then for the EPP to find a preservation-minded buyer to purchase it for rehabilitation. Finding owners willing to donate or accept a long-term option on their endangered property might take time. The EPP committee needs a solid win with its first project to create momentum and bring the organization to the attention of additional owners (and vice versa). Working with multiple properties immediately is not likely until there is full-time leadership and support staff in place.

During the option period, the committee will aggressively market each property to identify a preservation-minded buyer. Scores of volunteers are available to help clean up a building and its grounds and to host and show the property at an Open House. The sale price should repay all holding costs, the cost for the option, and all studies undertaken.

All of the due diligence materials, schematic drawings, studies, restrictive covenants, and rehab agreements must be completed in advance of the Open House, so that any preservation-minded buyer understands the intent of the DJA's efforts to save a threatened building. Time is of the essence in any real estate deal, and even more so when marketing a threatened building.

#### ***How much will it cost to start the EPP?***

The JDA is seeking \$100,000 in grant funds to begin the Joplin Endangered Properties Program. There are additional costs to pay for staff time, and provide the necessary studies and evaluations, which we estimate to be \$75,000 yearly. A program-related investment from a community foundation may be appropriate for providing initial funding for the revolving fund itself. The DJA will seek financial support from the 1772 Foundation, City of Joplin, the Community Foundation of the Ozarks, sponsorships from the local real estate community, and gifts from individuals interested in this work. DJA would be one of the first Main Street organizations in the country to create an Endangered Properties Program.

#### **Recommendations**

The consultants are recommending that the DJA send a letter of intent to the 1772 Foundation for their October 2019 grant round, and request \$100,000 to create the corpus of an Endangered Properties Program for downtown Joplin. The application should include commitments of matching funds from the City of Joplin from one or more sources identified in the course of this study, including the CDBG program, the City's Property Demolition Fund line item, and/or a service contract to provide consulting services for administration of the Endangered Properties Program and other support to the City's efforts to combat blight. These funds from the City will pay for expert studies and reports on specific issues found in downtown buildings when

donated or placed under option by the DJA. Additional commitments to support the fund and staffing could be obtained from the Joplin Capital Corporation, the Community Foundation of the Ozarks, and the Joplin Redevelopment Authority.

*A NOTE ABOUT THE PHOTOS: Photos used to introduce chapters are chosen to illustrate Joplin's beautiful downtown, the target area for a proposed Endangered Properties Program to be sponsored by the Downtown Joplin Alliance. They were provided by Heritage Strategies, LLC, Peter C. Benton (Principal), photographer, and taken during the preservation planning process completed by Heritage Strategies for Joplin in 2016.*

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## CHAPTER 1: INTRODUCTION

In February 2019, the Downtown Joplin Alliance submitted an application to the 1772 Foundation to explore the idea of establishing a Revolving Fund for downtown Joplin.

The 1772 Foundation, based in Providence, RI, has been a national leader in promoting the creation of historic properties redevelopment programs, using a 40-year-old historic preservation tool to protect threatened historic properties.

The 1772 Foundation defines a historic properties redevelopment program (revolving fund) as:

an active real estate-based program for protecting endangered properties using techniques such as: options, purchase/resale, easements and tax credits. These historic structures ultimately are returned to the private sector with deed restrictions in place. Any proceeds realized from transactions are “recycled” to sustain the proactive preservation efforts of the program. The goal of these programs is community redevelopment using historic preservation as a tool.<sup>1</sup>

DJA Staff and board members became familiar with Revolving Funds from attending an educational session about them at the National Main Street Center conference, held in Kansas City in 2017. The DJA’s subsequent research about revolving funds continued to pique interest in how this tool can be applied in Joplin.

### Feasibility Study

The DJA application to the 1772 Foundation to establish a historic properties redevelopment program was successful. DJA issued an RFP for consultants in May 2019 to assist in the preparation of the feasibility study for the creation of a revolving fund for downtown Joplin. Heritage Consulting Inc. and Heritage Strategies LLC were chosen by the DJA Board and began work in June 2019. This report is the culmination of the consultants’ work with the DJA.

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<sup>1</sup> <http://1772foundation.org/2017-grants-for-historic-properties-redevelopment-programs-revolving-funds/>

For the purposes of this report we will refer to this effort as an Endangered Properties Program.

## **Acknowledgments**

### ***Downtown Joplin Alliance***

The consultants would like to thank Lori Haun, Executive Director of the Downtown Joplin Alliance, Jeff Neal, DJA Board President, and other board members for their support and interest in believing that an Endangered Properties Program would have a transformative impact on downtown Joplin:

- Jeff Neal, Neal Group Construction, Board president
- Robert (Chad) Brueckner, Copeland & Brown Attorneys, PC
- John Coleman, RSV Paint
- Chelsea Conley, Missouri Southern State University
- Chad Evans, Arvest Bank
- Conrad Kelley, TAMKO
- Ryan Melton, Freeman Health System
- Carolina Neal, Neal Group Construction
- Jessica Struckhoff, Paragon Architecture

### **DJA STAFF**

- Lori Haun, Executive Director
- Ivy Hagedorn, Market Coordinator
- Mariah Irvin, Communications Specialist

### ***Community Advisors and Stakeholders***

During the two visits that the consultants made to Joplin, we met with a variety of local stakeholders who provided excellent information and informed our thinking about how an Endangered Properties Program could work in Joplin. We thank them for their participation and helpful conversations:

- David Glenn, The Flanagan Group (commercial real estate broker)
- Steven Grendel, [community housing alliance]
- John Klute, People's Bank of Seneca
- Fred Osborne, Guarantee Bank
- Pete Ramsey, Community Foundation of the Ozarks
- Gil Stevens, The Flanagan Group (commercial real estate broker)
- Toby Teeter, Joplin Chamber

### *City of Joplin*

The consultants met with various elected officials and city staff who were uniformly interested and helpful in our discussions about the proposed Endangered Properties Program:

- Gary Shaw, Mayor
- [Need name], City Council member
- Dan Pekarek, Acting City Manager
- Taylor Cunningham, Assistant City Manager
- Troy Bolander, Director of Planning, Development and Neighborhood Services
- Tom Walters, Planner, Community Development

### *Joplin Historic Preservation Commission*

The consultants met with various members and alternative members of the Joplin Historic Preservation Commission to discuss elements of the EPP, and we thank them for their thoughts and comments:

- Jill Sullivan, Chair
- William Fisher
- Nancy Morton
- Emily Frankoski
- Robert (Chad) Brueckner

### *Other Assistance*

Donna Ann Harris conducted telephone interviews with the following people to gather information for this study, and we thank them for their interest and support: Mary Anthony, Executive Director of the 1772 Foundation; Deborah Dresser, State Coordinator for Texas Main Street; Gayla Roten and Keith Winge of the Missouri Main Street Connection; Bill Hart, Executive Director of Preservation Missouri; and Lindsay Wallace of the National Main Street Center.

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## CHAPTER 2: DOWNTOWN JOPLIN – A SNAPSHOT TODAY

### Existing Conditions in Joplin, Missouri

#### *Location*

The City of Joplin straddles southern Jasper County and northern Newton County in the southwestern corner of Missouri. Joplin is the largest city in Jasper County and is the main hub of the three-county Joplin-Miami, Missouri-Oklahoma metro area. In Southwestern Missouri, Joplin is in the "four states" region encompassing Oklahoma, Kansas, Missouri and Arkansas.<sup>2</sup> Highways U.S. 71 and Interstate 44 intersect in Joplin.

#### *Population*

As of the 2010 census, the city's population totaled 50,150 residents (50,657 estimated by the American Community Survey as of July 1, 2018). The population within a 40-mile radius of Joplin is 400,000, making it Missouri's fourth largest metropolitan area. As a major employment hub, the daytime population of Joplin is approximately 240,000.<sup>3</sup> Many people living in the nearby region commute to Joplin for work, to shop, and to access health and educational services.<sup>4</sup>

Jasper County's population is projected to increase 17.0% by 2025, nearly double the projected 9.2% growth rate for the state.<sup>5</sup>

In 2014, Joplin's population was 87% white and 13% minority, including 3.8% Hispanic, 3.5% African American, 1.9% Native American, and 1.4% Asian. The city's age distribution

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<sup>2</sup> <https://www.joplinmo.org/169/Demographics>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> <https://www.missourieconomy.org/pdfs/joplin.pdf>

is relatively even.<sup>6</sup> Joplin has a higher percentage of white residents (87%) than the state of Missouri (82%) or the United States (73%).

Over the last century, Joplin's population has grown slowly following the city's initial boom in the early mining era. The population has remained stable in the face of economic change in the decades since, in contrast to that of many other mining and industrial centers across the country.<sup>7</sup>

### *Employment*

The city's relatively stable economy is due to the strength of Joplin's manufacturing and its diversification over the years as a regional commercial center. Joplin was able to use the prosperity and technological skills derived from mining to build its urban infrastructure and develop other sectors of its economy in order to achieve a successful economic transition.<sup>8</sup>

Joplin's economy is based on small manufacturing, regional retail (including accommodations and food service), and health care (including related services). The expansion of the health care sector, in particular, has brought high-quality jobs and talent to the area. It has also spurred growth in the higher education sector with the opening of the Kansas City University Medical School in July 2017.

Joplin is a solidly middle-class community, in part because of the strength of its manufacturing economy that developed in support of the mining industry over the past century. Despite Joplin's role as the mining industry's commercial and transportation center, Carthage is the legal and political center of Jasper County and has historically attracted many of the mining region's higher-income and professional residents.<sup>9</sup>

Quality of life is an important factor in Joplin's economic strategy. With many, many more daily visitors than residents, there is opportunity to attract new residents. The character and quality of Joplin's urban infrastructure and community life are important in attracting medical professionals, students, faculty, and support personnel from Joplin's health care and educational sectors. The quality and diversity of Joplin's retail stores and restaurants and the overall quality of the shopping experience along Joplin's commercial corridors are important for enticing shoppers from the larger region.<sup>10</sup> Regional shopping centers are

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<sup>6</sup> <http://www.usa.com/joplin-mo-population-and-races.htm>

<sup>7</sup> Historic Preservation Plan for the City of Joplin, August 2016, p. 1-3  
(<http://joplinmo.org/DocumentCenter/View/5676/Chapter-1?bidId=>)

<sup>8</sup> Historic Preservation Plan for the City of Joplin, August 2016, pp. 1-3, 1-4  
(<http://joplinmo.org/DocumentCenter/View/5676/Chapter-1?bidId=>)

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

located along the highways. There are some retail shops, professional services and eateries in the downtown.

### Unemployment

As of July 2019, the economic conditions of Joplin remain stable. The unemployment rate has decreased from 3.3% in 2015 to an impressive 2.4% in 2018.<sup>11</sup> The unemployment rate in Joplin is below the state-wide average of 3.2%, which is lower than the 2019 national unemployment rate of 3.7%.<sup>12</sup>

### *Wealth*

The city of Joplin reports that the median family income in Joplin is \$54,520, which differs significantly from the U.S. Census (2017) figure of \$41,063.<sup>13</sup> According to the 2017 American Community Survey one-year survey, the median household income for Missouri was \$53,578, compared with the national median household income of \$60,336. In Joplin, 17.9% of residents live below the poverty level.<sup>14</sup>

### **The Downtown Joplin Alliance**

The Downtown Joplin Alliance (DJA) was founded in the late 1980s when Missouri organized a Main Street program at the state level to help revitalize historic downtowns. Downtown Joplin Alliance is a 501(c)(3) organization that was founded in 1989. During the 1990s, the organization had its ups and downs and there were periods when it was less active.

There was a period, until 2005, when the organization collected and managed the money from downtown parking meters.<sup>15</sup> Parking meters were replaced with metered spaces under a plan created by city staff.<sup>16</sup> During this time period, the organization successfully advocated for new downtown streetscaping, which was completed in 2005. Some DJA events are longstanding, including Third Thursday. This event has grown from an indoor art walk event into a lively street festival where it is not unusual to find 5,000 people enjoying food trucks, restaurants, artisans, and music from several stages on Main Street. This event is considered a major factor in the revitalization of the downtown core. In 2008 when Third Thursday was started, the downtown core was 75% vacant. In 2019, for Third Thursday's 12th season, the downtown vacancy is less than 10%.<sup>17</sup>

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<sup>11</sup> [https://www.bls.gov/eag/eag.mo\\_joplin\\_msa.htm](https://www.bls.gov/eag/eag.mo_joplin_msa.htm)

<sup>12</sup> <https://data.bls.gov/timeseries/LNS14000000>

<sup>13</sup> <https://www.census.gov/quickfacts/fact/table/joplincitymissouri/BZA210216#BZA210216>

<sup>14</sup> <https://www.deptofnumbers.com/income/missouri/>

<sup>15</sup> Gayla Roten, MMSC, interview with Donna Ann Harris, July 12, 2019.

<sup>16</sup> [https://www.joplinglobe.com/news/local\\_news/joplin-considers-removing-parking-meters/article\\_b4c0ead5-f89d-5f8c-8715-c9b651d0749f.html](https://www.joplinglobe.com/news/local_news/joplin-considers-removing-parking-meters/article_b4c0ead5-f89d-5f8c-8715-c9b651d0749f.html)

<sup>17</sup> <https://downtownjoplin.com/our-organization/>

DJA promotes itself as “leveraging both the art and science of downtown revitalization to create a better quality of life for all. The result of these efforts is a community with strong social cohesion and economic opportunity; a downtown that supports and sustains innovation and opportunity; places where people of diverse perspectives and backgrounds come together to shape the future. Ultimately, we strive to create a place where people love to be. A place that values its history, but looks forward, ready for the future.”<sup>18</sup>

### ***Mission***

Downtown Joplin Alliance describes its mission as follows:

Downtown Joplin Alliance is a not-for-profit organization dedicated to the revitalization of the downtown community as a thriving, safe, and attractive center of art, history, enterprise, commerce, culture, residence, and entertainment.

### ***Main Street Organization Status***

Joplin is currently an Affiliate Community of the Missouri Main Street Connection (MMSC). The National Main Street Center has an ongoing contract with the MMSC to operate and manage the state-wide Main Street Program.

The organization has never become a Certified Main Street Organization, but they are currently working under a two-year grant with MMSC, which provides mentoring and guidance to build the organization’s capacity and ultimately to enable the DJA to become certified.

As an affiliate community, the DJA must maintain a traditional downtown district, send the board of directors to training offered by MMSC, adopt the Main Street Approach<sup>TM</sup>, become a member of the Missouri Main Street Connection organization, submit quarterly reports on their economic activity, provide board minutes, and sign a letter of agreement. Goals for local Main Street organizations in this tier include hiring a full-time Main Street Executive Director and attending all the director meetings organized by the MMSC, securing diversified and sustainable funding streams, establishing an independent downtown organization, and administering the Main Street Approach<sup>TM</sup><sup>19</sup>

The Downtown Joplin Alliance is working towards accreditation with the National Main Street Center, using the center’s ten designation criteria. We understand that the DJA is likely to be elevated to the accredited tier at the end of the calendar year.<sup>20</sup>

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<sup>18</sup> Ibid.

<sup>19</sup> <https://www.momainstreet.org/FileStream.aspx?FileID=416>

<sup>20</sup> Gayla Roten, MMSC, interview with Donna Ann Harris, July 12, 2019.

### ***Board of Directors***

The Downtown Joplin Alliance is a community-driven organization. Its all-volunteer Board consists of nine to thirteen members, who are downtown property owners, business owners and managers, residents, and other community stakeholders. Two board members are *ex officio*, a city representative and a council representative. The work of the organization is accomplished through the four standing committees: Promotion, Design, Economic Vitality, and Organization. Each of these committees meets monthly; they have subcommittees to undertake specific projects.

### ***Staffing***

DJA has a modestly sized staff, with one full-time Executive Director, Lori Haun, and two part-time staff, Communication Specialist Mariah Irvin and Empire Market Coordinator Ivy Hagedorn. The organization has a bookkeeper/accountant consultant who comes in monthly to reconcile bank statements.

### ***Budget***

The organization has a highly developed and sustainable budget of just over \$200,000 for fiscal year 2019. Revenue sources from largest to smallest include event sponsorship (\$69,000), vendors at Third Thursday (\$51,500), coworking space rentals (\$35,000), Empire Market/direct public grants (\$30,000), event space rentals (\$7,606), memberships (\$4,800), commercial rentals (\$4,800), and interest (\$415).

Although the organization has received city funding in the past, it currently is entirely self-funded through events, donations, grants, and sponsorship revenues. The city has been an excellent partner in that they provide set up and tear down of the barricades for Third Thursday and other events and do not charge for police costs or overtime. Many city staff members sit on committees of the board and are highly involved with the activities of the organization.

Like all Main Street organizations, the highest expenditure is personnel (\$77,000). Other expenses include advertising and marketing (\$40,000), utilities (\$22,000), repair and maintenance (\$13,753), event costs (\$12,000), supplies and materials (\$12,000), and facilities and equipment (\$10,999). Other expense items are below \$1,000 to maintain a balanced budget.

### **Success of the Empire Market**

In December 2018, the Empire District Electric Co. (now Liberty Utilities-Empire District) approached the DJA about donating their building, which no longer met the company's needs. After conducting due diligence, the Board accepted the donation of the 1907 structure. The building, which originally housed the Joplin Casket Co., became the home of Liberty Utilities-Empire District in 1916. The property includes a two-story, 19,000-square-foot building with 29 offices and an 11,000-square-foot truck bay plus an adjacent 2,700-square-foot building. The company most recently used the large building as a linemen's garage. Located about a quarter

mile from the heart of downtown at Fourth and Railroad Avenues, the donation was a transformative gift to the DJA.

The 3.34-acre site at 931 E. Fourth Street enabled the creation of an 11,000 square-foot community garden, used by area homeless shelters to grow vegetables for their use. The Downtown Joplin Alliance has re-purposed the historic building and its attached truck bay into the city's first year-round Empire Market. Two murals installed inside include a recreation of a painting by the recent winner of a city flag redesign contest and a work featuring the names of numerous Joplin neighborhoods. In January 2018, basic cleanup of the property took place, while farmers were recruited for the opening of the market in April 2018.

In less than two years, the Empire Market has become an economic and community centerpiece that strengthens and engages the entire city. At this vibrant gathering place, residents can find the best of what the area has to offer: produce, meats, cheeses, wine, beer, crafts, artisanal goods and a diversity of other unique products offered by vendors located in a series of permanent and rotating stalls offered at affordable rates. Offices on the second floor of the market have been converted into a coworking space that serves as an incubator for entrepreneurs, small businesses, and independent artisans.

The DJA makes a profit from Empire Market by renting out the coworking spaces and market stalls, and by offering the building as a venue for special events. According to market coordinator Ivy Hagedorn, events to date have brought upwards of 1,600 people to the space.

The initial work to create a farmer's market in the old the Empire District Electric Co. building has been a resounding success. The DJA now seeks to capitalize on this momentum by creating an Endangered Properties Program.

### ***Further Development of the Empire Market Property***

The DJA announced in June 2019 that it would launch a capital campaign for the expansion and upgrade of Empire Market in the fall of 2019. A June 23, 2019 article in the *Joplin Globe* about the announcement of the campaign stated, "The alliance anticipates launching a \$4.1 million capital campaign for those upgrades in September. Jeff Neal, Board President of the DJA, said the alliance already has about \$1.6 million of its goal: That's the value of the building where the market operates."<sup>21</sup>

The architectural designs and plans created over the summer enabled the launch. They call for upgrading the building, including installing a commercial and teaching kitchen and building a

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<sup>21</sup>Joe Hadsall, "Growing market: Empire Market plans to launch capital campaign to develop building," *The Joplin Globe*, June 23, 2019, accessed July 26, 2019, [https://www.joplinglobe.com/news/local\\_news/growing-market-empire-market-plans-to-launch-capital-campaign-to/article\\_49903b1e-2cf6-54af-8bc7-28ae35111487.html](https://www.joplinglobe.com/news/local_news/growing-market-empire-market-plans-to-launch-capital-campaign-to/article_49903b1e-2cf6-54af-8bc7-28ae35111487.html)

farmers' pavilion, classrooms, and a conference center. Additional market sessions and renting out space in the building for other events are also planned. Expansion of the pavilion near the truck bay would enable food vendors to occupy a single space, thereby freeing up an area for an artisan's market inside that could be open five days a week. The work will be divided into phases, with the first phase to replace the roof and install a commercial kitchen in the property. A second phase will include work on the exterior covered areas and the second-floor offices/coworking spaces. A final phase will include the parking lots and the grounds.

As described by Neal, the DJA is "taking what was an underutilized part of the property and turning it into a festival space" to extend the life of the farmers' production season through canning, drying and processing their own foods. For the last three years of its operation, Empire Market has provided space for preparing around 800 meals a week and have been instrumental in helping small operations develop their business.<sup>22</sup>

In an editorial lauding the start of the capital campaign for the Empire Market, *The Joplin Globe* editorial team said "The [plans] include a proposed commercial kitchen that could help farmers develop value-added products such as pickles, salsas, jellies, jams and spice blends. It could offer growers the opportunity to extend their productive season. The expanded building could provide more workspace, workshops, business connections and increased access to customers. Most of these benefits are to small local producers and businesses. Small businesses are a driving force for new job creation and a boost to the Joplin economy."<sup>23</sup>

Today the Empire Market has upwards of 25 vendors each week, all selling items they have made or grown themselves, Market vendors come from up to 150 miles away, creating a marketplace for their products and for local residents, and access to high-quality, nutritious locally grown food. The market is close enough to downtown along the Fourth Street corridor that it contributes to the growing downtown energy.

### **Differences between the Empire Market Project and the Proposed Endangered Properties Program**

The DJA has had excellent experiences working with the Empire Market building. A well-known area company donated the property, and it had few, if any, environmental problems. While the DJA undertook a certain amount of due diligence, there was never a concern about the organization being saddled with a property that had structural, environmental, or serious remediation issues. The building was well worn, but essentially ready to use.

Part of the success of the Empire Market project is due to the building's recent use by the donor's company. The building was not vacant or vandalized upon donation and still had all heating, plumbing, and wiring intact. While the roof needed attention, the organization was

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<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

able to begin work immediately by cleaning it out and soliciting vendors for the farmers' market within a few months.

The size of the Empire Market building was also an asset. The building was just less than 20,000 square feet with 11,000 square feet in covered outdoor space that would be highly usable for a truck full of produce. It also sits on three acres of land, with an ancillary building that can be rented.

We have learned in our research that most of the buildings under 10,000 square feet in downtown Joplin today have active uses on both the storefront and upper story levels. Area developers can envision a use for these smaller buildings, and finance them with existing assets or loans from area banks.

Downtown Joplin, however, has an abundance of larger threatened and underutilized historic buildings that continue to languish year after year. The DJA Board has come to realize that they must involve themselves in the rescue of these threatened buildings because no one else will.

### **Establishing an Endangered Properties Program**

The proposed Endangered Properties Program will work with buildings larger than the Empire Market. These historic downtown properties have been left behind. There is no commercial real estate broker marketing them today. Most are too large and too deteriorated and have title problems (meaning multiple or out-of-town ownership), structural problems, and environmental or design issues, which the normal real estate market has not been able to overcome (in some cases, for decades). Finally, local developers may lack vision when it comes to rehabilitation of these large vacant structures in downtown.

The targets for this program are a considerable number of deteriorated and threatened historic buildings in downtown Joplin. Some developers do not want to bother with the additional regulations or approvals needed to obtain the state tax incentives or federal tax credits. To counter these concerns, the EPP can offer design sketches, floor plans, cost estimates, market research, and counseling on rehab tax benefits to help any developer to see past the deficits of these buildings, into a new future. (See fact sheet, next page.)



## DOWNTOWN JOPLIN ALLIANCE

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Market Coordinator

Mariah Irvin  
Communications  
Specialist

Shelby Witzman  
Intern

### Fact Sheet

## Feasibility Study for A Downtown Preservation Revolving Fund Funded by the 1772 Foundation

What is a Preservation Revolving Fund? A nonprofit corporation whose mission is to acquire, stabilize and/or rehab vacant or underutilized historic buildings and sell them to a preservation minded buyer with easement restrictions. Revolving Funds essentially “buy time” for threatened buildings.

□ The 1772 Foundation has invested heavily in training, feasibility studies and capitalizing Revolving Funds nationwide. The Downtown Joplin Alliance (DJA) received a Feasibility Study grant to study the creation of a Preservation Revolving Fund for downtown Joplin.

□ Preservation Revolving Funds are an old preservation tool. They began in the 1960s in Providence RI, Pittsburgh PA, Savannah GA, and most revolving funds are in the Mid-Atlantic and Southeastern states. There are about 100 Revolving Funds across the nation.

□ DJA wants to build on their positive experience from the donation and creation of the Empire Market to find new uses, and users for vacant or underutilized historic downtown buildings. DJA would be one of the first Main Street organizations to create a Revolving Fund.

□ The Revolving Fund organization seeks building donations or negotiates option agreements on properties from building owners. Options take the property off the market and stipulate a time period and purchase price. The option could be assigned to a preservation minded buyer.

□ The new Revolving Fund organization would create a rehabilitation agreement as part of the sales agreement for each optioned property. Long-term protection, to keep the building in service, may be accomplished through a preservation easement that becomes part of the deed.

□ The Revolving Fund organization may conduct one or more of the following studies: Phase 1 environmental testing, title search, engineering assessment, architectural plans and sketches, economic feasibility studies/cash flow analysis, or appraisal.

□ There are holding costs during the option period: security/board up, pest control, utilities, property taxes, maintenance, and insurance.

□ During the option period the organization aggressively markets the property to identify a preservation minded buyer.

□ The Revolving Fund gets repaid from the sale of the building. Sale price should repay all holding costs and studies undertaken.

□ The DJA is seeking grant funds to begin the Downtown Joplin Revolving Fund (\$100,000), plus pay for staff time and provide the necessary studies and evaluations (approx. \$75,000 yearly). A Program Related Investment may be appropriate for providing initial funding for the Revolving Fund itself.

Contact Lori Haun to learn more at [lori@downtownjoplin.com](mailto:lori@downtownjoplin.com), or 417 529 3888.

Partnering with small businesses to create a vibrant, unique downtown.

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## CHAPTER 3: NEEDS ASSESSMENT FOR A REVOLVING FUND IN DOWNTOWN JOPLIN

In applying to the 1772 Foundation to create an Endangered Properties Program for downtown Joplin, Lori

Haun, Executive Director of the Downtown Joplin Alliance, identified the main goal of the effort as creating “synergy and vitality in our historic core that ultimately preserves and restores the individual structures.”

### Current Conditions

In the DJA’s application to the 1772 Foundation, Ms. Haun noted that

While we have had good progress over the past decade, there are still many buildings in need of restoration. We know that financing these historic properties is often a challenge and that a revolving fund would be a great addition to our toolbox, which includes state and federal historic tax credits, CDBG-funded facade grants through the city, [Missouri] Chapter 353 Property Tax abatement, etc.

We have several properties in Joplin that we are working to find the correct development and funding to be restored. To mention a few, the Joplin Union Depot, Memorial Hall, Robertson Apartments, Carnegie Library, and three buildings belonging to a homeless shelter are all high on the priority list. We lost a 1920s building earlier this year due to neglect.

We hope that by establishing a revolving fund for the acquisition of properties or to extend loans to potential developers, we can prevent losing other historic buildings. We have a lovely downtown with many historic buildings, but many have been lost over the years due to progress or simple neglect.

Downtown Joplin has come a long way but has more to accomplish. In establishing a revolving fund, we will be able to continue moving forward and to

create a catalyst for development in long-endangered buildings in our community, which in turn, creates economic vitality.

### **Problems to Overcome**

Today, there are still many vacant or underutilized historic buildings in the downtown National Register historic district due to the following factors.

#### ***Too Large***

Downtown Joplin has a surplus of large, multi-story masonry buildings that have not yet found a use because of their size. Virtually all of the downtown buildings smaller than 10,000 square feet have already been rehabilitated with retail, professional offices, and restaurants on the first floor and apartments or offices above. These projects have been undertaken by small-scale contractors or local developers who purchase and finance these properties for rehabilitation with local lenders. The handful of new apartments in these small buildings are absorbed quickly into the downtown real estate market. Large properties have languished, even if the buildings are in good to decent condition.

*Solution:* The EPP program can undertake market and financial assessments on a building-by-building basis to identify financially viable uses for large historic buildings still in decent condition. These market reports can be circulated by the EPP to the regional development community to generate interest alongside existing federal (20%) and state tax incentives (25%) for rehab for purchase by a preservation-minded buyer.

#### ***Too Deteriorated***

There are downtown buildings that have suffered from years of neglect. These buildings vary in size and may have roof problems and structural issues and may be perceived by the local real estate market as too deteriorated for investment. Some of these buildings are indeed threatened with mounting deferred maintenance each year.

*Solution:* The EPP can undertake assessments of structural concerns by using engineers skilled in working with historic buildings and then widely circulate their reports as part of the marketing for these buildings. The EPP can also undertake Phase 1 environmental assessments if there are questions or rumors about underground tanks, asbestos, or lead paint hazards. The assessments should include estimates to mitigate concerns and identify any grant funds or subsidies available for remediation (i.e., brownfields funds). Marketing these properties with these studies and reports in hand will generate new interest because answers to the most vexing problems and costs for remediation have been determined by highly competent advisors.

#### ***Few Experienced Developers***

DJA believes that the existing development community in Joplin has already acquired buildings that they consider profitable for their firms. Larger buildings may need multiple uses, such as a

hotel and apartments, to make them viable for rehabilitation. Local developers seem to lack the vision or capital to undertake these projects.

*Solution:* The EPP must market the larger properties to non-local developers and to a broader audience, especially throughout Missouri and nearby cities, particularly Tulsa, Kansas City (MO and KS), and St. Louis. Some properties may merit a national marketing effort that involves placing listings in real estate databases and securing advertisements in key media outlets. (See Chapter 9, Marketing.)

### ***Out of Town or Opaque Ownership***

Several of the deteriorated buildings downtown are owned by non-locals or by trusts and LLCs that do not disclose the owners. The local agents of out-of-town owners, if known, will be contacted, but it is unlikely that they will be the first group of owners to work with the new EPP.

*Solution:* The EPP will continue to keep all owners, but especially out-of-town owners, updated on overall progress in marketing buildings to new owners. The names of property owners will be included in all promotional literature, as is customary in listings of properties in need of preservation-minded buyers. Each success will be communicated to all owners, so they understand the dynamics and climate of the current real estate market in the downtown.

### ***Few Active Real Estate Listings***

Many of the threatened historic properties are not now represented or actively marketed by a commercial real estate broker. These properties essentially have been abandoned by the real estate market. These threatened properties are in poor condition, and a real estate broker would be unlikely to sell the property in its current condition, and thus earn a sales commission for his/her time and effort.

*Solution:* The EPP can pay for studies and architectural services to identify the specific concerns for each property – an expense unlikely to be repaid in a typical commercial real estate transaction, and thus not undertaken by brokers in ordinary situations. These studies would be made available to anyone who has a serious interest in the property. From information from these studies undertaken by experts, a prospective buyer would understand the financial implications of buying a property and undertaking needed repairs.

### ***Unrealistic Expectations of Value***

Out-of-town owners in particular may or may not understand the current local real estate market and may have unrealistic expectations regarding the value of their buildings. This is especially a concern if the building is actively deteriorating.

*Solution:* The EPP can undertake an architectural or engineering assessment of key buildings in an effort to provide the owner with its current market value. The EPP can pitch itself as having

the unique ability to market the building and to generate a sale, thus eliminating the ongoing costs for an under- or non-performing building through a building donation or option agreement. The EPP can also offer owners the ability to donate a deteriorated, surplus, or underutilized building for a tax deduction to the new EPP organization.

### ***Local Rental Rates May Be Too Low***

Area developers may perceive current rental rates for apartments or retail spaces as too low to warrant the magnitude of investment required for larger buildings.

*Solution:* Nonlocal developers may see things differently and could be willing to invest in Joplin, particularly if there are several users (such as a hotel or institution) that would be an appropriate fit for larger properties. The EPP will market properties locally, regionally, and nationally to find preservation-minded buyers.

### ***Properties with Multiple Owners***

Local properties may have multiple owners if they were inherited by several family members. Sale of these buildings generally require all owners to agree on the terms of the sale. In addition, each owner may have an unsubstantiated value in mind for their ownership share.

*Solution:* The EPP can hire an independent appraiser to determine the property's current value. The value would also take into account the current condition of the building, which will affect its value. The EPP can work individually with each owner; some may wish to donate their share of the building while others may want cash from some of the value through a bargain sale. The EPP would then market the property to find a preservation-minded buyer.

### ***Owners Lacking Vision***

Owners may not understand the local real estate market and have preconceived notions of the value or condition of their building, especially if the property has been in the family for multiple generations. Owners may not understand a building's historic importance, or the value of preservation incentives available in the state. If they are particularly motivated to assure that the building is saved after their death or the end of their ownership, they may not understand how restrictive covenants, an easement donation, or a donation of a life estate would work to achieve that goal.

*Solutions:* The EPP can gather appraisers, architectural assessments and drawings, or market assessments to illustrate viable possible reuses. These reports would be available and marketed to any potential buyer. The restoration agreement would also detail the baseline work needed to bring the property up to code and meet the Secretary of the Interior's Standards for Rehabilitation. They can also review with the owner's advisors the value of the property donation with easements to the EPP as part of their estate plans, to minimize capital gains taxes and ensure the property will be maintained in perpetuity.

## **Anticipated Impacts of a Revolving Fund on Downtown Joplin**

The consultants believe that the EPP will create a short- and long-term impact on downtown Joplin. Momentum will be created in the short term after one or two buildings are sold to preservation-minded buyers. Greater attention will be achieved in the long term, at five years or more after the EPP has successfully reached multiple deals. A description of these impacts follows below.

### ***Short-term Impact***

The Endangered Properties Program will have an impact on Joplin's downtown even after only a few deals are completed. These successful projects will show that the EPP has potential. EPP staff will grow in experience with each deal. The Board will become more comfortable with its role, and the risk taken in agreeing to each project. The staff will be able to identify more local firms that are willing to work with the committee on various studies and reports needed to assess and market the property. Local bankers and small developers may look again at properties they passed over even two years ago. The Historic Preservation Commission will have several more properties to review. New relationships will be developed with allied groups and volunteers who participate in clean-up days or open house events. The city planning staff will gain further experience in providing assistance and feedback on new projects. More contractors and tradespeople will have work due to the projects that the EPP has promoted and sold for redevelopment.

### ***Long-term Impact***

After five years, and a half dozen or more deals, the EPP should find its footing and emerge as an important player in the downtown economy. Residents, elected officials, developers, and partner organizations will want to know "what does the EPP think?" when new downtown projects are proposed.

### ***Strengthen the Downtown Real Estate Market***

An EPP focused on Joplin's downtown will help to ensure that benefits are realized locally. After a critical mass of rehabilitation is completed, investors and real estate advisers will notice that downtown looks better, more real estate is being sold, and investment is occurring. The EPP will have made the downtown real estate market stronger by investing small sums in reports and studies, as well as marketing and selling deteriorated buildings to preservation-minded buyers.

### ***Generate More Revenue for Utilities***

As vacant and underperforming historic buildings are rehabilitated, local utilities, including water/sewer, gas, electric, and cable television suppliers, will have new customers in the new condos, apartments, dormitories, and offices created as a result.

### Generate Increased Sales and Property Taxes

The intervention of the EPP in the local real estate market over five or more years will likely lead to value increases of all downtown real estate to the city, county, and school board. Additionally, more apartment and condo units will increase transfer tax or fees owed to the city. Finally, more downtown residents will generate more sales taxes in stores, restaurants, and entertainment venues.

### Create New Infill Construction

Today, several blocks in the downtown district are scarred because of previous fires and demolition. Over time, the work of the EPP will instill new confidence in downtown property owners and the development community. The EPP can advocate for infill construction on vacant lots in the downtown historic district that blends with the existing architecture, maintains the street wall, and is a harmonious addition to the street.

### Train More Local Professionals to Work with Historic Buildings

The EPP needs a host of preservation-oriented professionals and advisors to succeed at its work. Professionals are needed to provide advice and reports on each project undertaken:

- Real estate brokers who are knowledgeable about the tax incentives available for historic properties;
- Attorneys skilled at working with options, life estates, easement donations, and donations of real estate;
- Engineers eager to work on historic buildings and able to offer solutions and cost estimates to cure deficiencies in historic buildings;
- Environmental assessment firms that can explain hazards and provide cost estimates to remediate common problems in old buildings;
- Appraisers keen to see historic buildings renovated who can provide high-quality advice to owners and accurate real estate appraisals;
- Economic development officials who can provide market assessments for historic buildings and build pro formas that utilize tax credits available for historic properties;
- Contractors who are skilled at meeting the Secretary of the Interior's Standards for Rehabilitation;
- Tradespeople who are enthusiastic about working with old buildings and meeting challenges they bring; and
- Architects who can provide design solutions to solve problems for new uses in old buildings.

### More People Downtown

New downtown residents in condos, apartments or dormitories will generate more foot traffic and more "eyes on the street" to make downtown safer for everyone.

### Successful Ventures Generate More Cash Donations

Individual donors want to be associated with success, and in five years, the EPP will have a broader base of donors, volunteers, and sponsors who want to be associated and involved. Growth as a charitable committee is dependent on development staff working with individual donors, creating giving societies, and renewing all donors on a regular basis.

### More Donations of Real Estate

Corporate property owners may be willing to donate surplus properties. City and county agencies may be willing to sell surplus properties to the EPP knowing that these properties will be put back on the tax rolls when sold to a preservation-minded buyer. The area foundation community might also be willing to support expansion of the EPP fund's corpus as a program-related investment or provide routine grants to support staff and overhead expenses.

### **Conclusion**

An Endangered Properties Program Committee for downtown Joplin can solve some but not all of the downtown's problems. Success will be built incrementally over time. Each project brings large risks that a new committee must understand and embrace. The consultants believe that the JDA Board should review the benefits of starting an EPP and determine if these benefits outweigh the costs of not intervening in the local real estate market.

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## CHAPTER 4: REVOLVING FUND OPTIONS

This chapter discusses types of revolving funds in more detail, following from the initial discussion provided in Chapter 3.

### The Acquisition Fund

An acquisition fund – sometimes called a preservation revolving fund or preservation capital fund – is a pool of capital created and reserved for specific activities related to preserving endangered real estate. Revolving funds are used to gain control of historic properties through purchase or donation. Once the property has been rescued, the fund protects the property with permanent protective covenants (discussed below) as it transfers the property to a sympathetic purchaser.

Boards operating these funds typically account for these funds separate from their operating requirements and work within the understanding that any monies accruing from real estate transactions supported by the fund are returned to the fund to be reused for similar activities. Not all transactions supported by the acquisition fund can be expected to be self-sustaining – that is, some sales may not pay for the many transaction and carrying costs that can be involved in marketing an endangered property, as described elsewhere in this report, or in the diminution of value that may accompany the imposition of the protective covenant (also discussed below). In other words, a preservation revolving fund may revolve downward without added infusions of cash.

Note that the realization of funds from the sale of real estate donated to the Endangered Properties Program for its operation may or may not be a part of the restricted acquisition fund. Mature programs have the skills and reputation for handling donations of property of a wide variety, even ordinary real estate that would not generally come under the wing of the Endangered Properties Program; boards typically work with donors of such properties as they consider the gift to determine whether the gains realized should be restricted to the acquisition fund or to any other use specified by the donor.

Preservation North Carolina was founded as a revolving fund in the 1970s and is a highly successful program that has preserved about a thousand properties (some involving multiple buildings, such as mill villages) across many of the state's 100 counties. PNC rarely purchases properties; instead it relies on donations, bargain sales, options, purchase agreements, and other

real estate tools to make transactions work. PNC's mantra is "acquire (control or title, but preferably just control), market, sell." Some properties have required quite long holding times; others have had to go through more than one purchaser when the first falls by the wayside for various reasons to do with financing or personal difficulties. Many of the properties PNC has saved are residential, but type of property is not a factor in the organization's decision to intervene – the organization has rescued major textile mills with hundreds of thousands of square feet, buildings that have become museums, and buildings that have become its own offices. (PNC is currently working on its fourth project that will result in office space for its own needs.) Over the years, PNC has grown from a simple Endangered Properties Program to a full-fledged organization with a membership that advocates for state legislation to support preservation.<sup>24</sup>

Historic Boston, Inc., founded in 1960, is a different kind of acquisition fund – one that thinks of itself as a real estate developer with a preservation mission. It has only about \$150,000 in its acquisition fund, which it uses to leverage many layers of financing to achieve a viable project. The twist is that HBI is a property manager in its own right, willing not only to resell buildings it acquires (infrequently), but to develop, own, and manage a portfolio of historic buildings. In its many years of operation, it has developed deep expertise in this approach, and a large enough portfolio not only to manage the risk involved in long-term property management, but to use the value of the properties (judiciously) to underwrite some of the borrowing it undertakes to rescue more buildings.<sup>25</sup>

### *Pros and Cons*

The benefits of undertaking this type of fund are considerable, if the Endangered Properties Fund can establish expertise, a reputation, and a market. The properties "revolve" through the program quickly enough that only a limited amount of the EPP's funding may be at risk in any given project. Others remain responsible for the properties during the option period and once they change hands into the ownership of a sympathetic buyer. And there are plenty of potential projects on which the new EPP could gain expertise and publicity to grow its reputation.

The negatives for this program all have to do with the "if" cited above – the committee must quickly establish expertise and a reputation for integrity and mission-driven pride that will reassure prospective buyers, and vigorously market the property to investors generally expected to be found beyond Joplin. Luckily, in terms of marketing, Joplin is quite close to other markets where developers are successfully undertaking the kinds of complicated historic preservation rescues contemplated for Joplin – Tulsa, Kansas City, and St. Louis. DJA's basic

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<sup>24</sup> Maggie Gregg, Preservation NC regional director, eastern region, interview with Elizabeth Watson, August 7, 2019. Additional information on PNC is provided in J. Myrick Howard, *Buying Time for Heritage: How to Save An Endangered Historic Property*, Raleigh NC: Preservation Foundation of North Carolina, 2007; and *Revolving Fund Impact Report*, by the National Trust for Historic Preservation, The 1772 Foundation, and Savannah College of Art and Design (2014), pp. 58-69.

<sup>25</sup> *Revolving Fund Impact Report*, op cit., pp. 46-57

reputation and the related experience provide a sound foundation for building more public trust and expertise. DJA's Executive Director, Lori Haun, is an interior designer, business owner, and property investor/manager who has gained considerable expertise in taking over the work of Executive Director just as the Empire Market appeared as a major opportunity.

### **The Loan Fund**

A loan fund lends money to individuals or organizations to acquire and rehabilitate historic properties. The fund charges interest at a rate set by the board and expects repayment on a schedule set within limits applied to the fund (unless there is a "forgivable" loan available to some kinds of borrowers whom the board has determined may qualify for such forgiveness, generally after a period of time in which there is satisfactory performance under other terms of the loan). Because there is interest paid along with expected repayments, the loan fund is generally expected to sustain itself without necessarily needing influxes of cash, although this can depend on the program's demand and the board's willingness to raise additional funding to meet added demand. If this sounds like banking, it is. And like banks, operators of loan funds must manage their capital and choose their borrowers carefully. Loan funds are much rarer than acquisition funds.

The New York Landmarks Conservancy in New York City founded its loan fund in 1982, limiting the program to loans to property owners in designated historic districts. The loans are small, repayable over a ten-year term at an interest rate set at the time of the loan based on credit score. The rate may be as low as 5% or as high as 10% but few are over 7%. The Conservancy does not require the borrower to agree to an easement as part of the transaction, because the loans are short term, and the property is already protected by New York City's strong preservation law. In the years since the fund's establishment through early 2014, the Conservancy has undertaken 239 projects with no defaults. About a third have been in the range of \$10,000 to \$50,000 and another third have been from \$50,000 to \$100,000; 27% of other loans have been between \$200,000 and \$300,000. Of the borrowers, 35% have been individuals, with the remainder comprising cooperatives, schools, and churches.<sup>26</sup>

The Providence (Rhode Island) Revolving Fund, according to its website, "is a community-based, non-profit, development and lending corporation which was established in 1980. It manages two capital funds, the Neighborhood Loan Fund with over \$2 million in assets and the Down city Loan Fund with \$6.5 million. The Revolving Fund's resources are targeted to specific historic neighborhoods and primarily serve low-to-moderate income families residing in [four] historic districts and property owners and merchants in the Downtown Providence National Register District.... Since 1982, the Neighborhood Loan Fund has invested over \$7.4 million in low- and moderate-income neighborhoods for 460 building restorations...including the renovation of 46 previously abandoned buildings. This has leveraged over \$23.75 million in

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<sup>26</sup> *Revolving Fund Impact Report*, op cit., pp. 35-45; and [http://www.nylandmarks.org/programs\\_services/loans/historic\\_properties\\_fund/](http://www.nylandmarks.org/programs_services/loans/historic_properties_fund/)

additional financing.... The Downcity Fund has made over \$7.5 million in loans and committed \$94,000 in matching grants. These loans and grants have leveraged \$101 million in development in historic buildings; creating over 110 units of new housing and assisting 18 property owners with façade renovations, new signs and awnings.”<sup>27</sup>

### ***Pros and Cons***

If this feasibility study were looking across the entire City of Joplin, the loan fund might be an excellent idea. Many historic neighborhoods – many with smaller homes – are in need of the greater owner investment that would be stimulated by such a fund and the small loans that would encourage these owners. Even if confined to the Downtown and commercial properties, a loan fund is a good idea. The City of Joplin, however, already offers façade improvement grants, so the need in the Downtown is already being addressed, at least somewhat.

The drawbacks to a loan fund are that in many cases it can take a long time to make a real difference, and to be effective short- or long-term, the capitalization of the fund needs to be considerably more than an acquisition fund, where using “other people’s money” is a basic approach.

### **The Hybrid Acquisition and Loan Program**

Some programs may develop multiple funds, generally one devoted to acquisition and resale, and one or perhaps more devoted to a loan program. The funding used to capitalize these programs may be quite different (the loan program might be a re-grant program supported by a foundation, for example, which relies on the expertise of the Endangered Properties Program to support property owners in need of rehabilitation funding and distribute smaller grants and loans). According to a 2014 study by students at the Savannah College of Art and Design, the Historic Macon Foundation is one example of such an organization; in 2014 it was leveraging \$500,000 to revolve ten to fifteen properties per year, manage \$1.9 million in buildings, and lend money for construction work on properties protected through its acquisition fund.<sup>28</sup>

### ***Pros and Cons***

As discussed below, it is easy to imagine a future where a powerful EPP is capitalized and expert enough to intervene across all markets affecting the fate of historic preservation in Joplin. Joplin would clearly benefit from such multiple programs – and just for the price of a dozen miles of a major highway, if only public funds were so available to be transferred, Joplin could gain the considerably greater economic returns from such an investment.

Assembling the funds for both types of funds at the same time, however, would be a daunting prospect. Moreover, while there is some overlap in the expertise needed – to understand

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<sup>27</sup> <https://www.revolvingfund.org/about.php>

<sup>28</sup> *Revolving Fund Impact Report*, op cit., p. 20; further discussion available at pp. 82-89.

rehabilitation deeply, for example – the operation of each kind of fund requires different skills and approaches. In starting up a new revolving fund, focus on one or the other is by far the better path.

### **Recommendation**

DJA would do best by focusing in the next five years on an Endangered Properties Program that seeks to move threatened buildings into the hands of sympathetic buyers – an acquisition fund. The committee has already built a foundation of experience in this direction, and with the demands on its fundraising capacity already to be stretched by the demands of the Empire Market’s second phase, it will need to gain considerable leverage using limited funds.

Since Joplin would clearly benefit from more funds being made available to the owners of historic properties in its many historic districts and neighborhoods, DJA’s proposed EPP should evaluate opportunities to expand its program to a loan fund after gaining a firm footing in roughly five years – perhaps first to commercial properties to supplement the City’s existing programs. The EPP should also remain open to the idea that others might establish programs to help residential neighborhoods with revolving acquisition and/or loan funds. The City does not have a Community Development Corporation in action at the present time, although there may be one in the making that will address housing needs. A CDC has even more tools at its disposal to affect housing and could make common cause with the EPP in advocating for more City action and taking on more projects.

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## CHAPTER 5: TOOLS AND TECHNIQUES FOR A LOCAL REVOLVING FUND

A “revolving fund” as this feasibility study is considering it is more aptly described as a comprehensive program to intervene in the marketplace in order to find buyers for “unloved” buildings who will undertake their rehabilitation (and if

necessary, adaptation to new uses), put them back into useful long-term service, and maintain them over time. For the purposes of this report, we are calling this effort an Endangered Properties Program (EPP). The program is to be initiated by the Downtown Joplin Alliance (DJA) through a committee that would actually operate the program. The committee’s mission would be the identification of buildings in need of the program’s special services, the counseling of present owners, and the taking of multiple steps that would enable new owners to take over those buildings. The target buildings as described at the end of this report are currently vacant or under-utilized, endangered by poor maintenance, and in need of the program’s services.

*Buying Time for Heritage*, an excellent reference describing such a program in extensive detail, likens such a program to an animal shelter that takes “architectural orphans” and finds them new owners. The market for these kinds of buildings is entirely different from the ordinary marketplace served by the extensive real estate and development industry. Ordinary buildings are like pets offered for sale by pet stores and breeders – there are plenty of buyers and the risks and advantages of any given choice are generally well understood. The buildings addressed by an Endangered Properties Program are the ones confined to the animal shelter. These buildings require imagination and expertise in understanding and treating older buildings, special information (such as in-depth understanding of structural or environmental obstacles to re-development), and innovative marketing to a wider audience in order to find that one buyer willing to take the added risk.

A key feature of an Endangered Properties Program is the nonprofit status of the sponsoring organization, which can encourage current owners to donate or offer their buildings at a bargain price in return for the opportunity to claim a tax-deductible charitable contribution – not generally available in ordinary real estate transactions. Another key feature is the availability of special governmental financial incentives that help, in effect, to underwrite the cost of rehabilitation and adaptive use. Ordinary buyers or developers of typical projects are

generally unaware of or inexperienced in the analyses required to make the financing work for buildings and projects qualified for those incentives.

Chapter 4 describes ways that organizations establish the financial means to intervene effectively in the market – the acquisition fund and the loan fund, and sometimes both. The remainder of this chapter briefly describes the tools and techniques commonly used by an Endangered Properties Program. This is enough information to help readers “know what they don’t know” – in order to motivate them to learn and investigate further and bring in advisors who DO know.

### **Techniques Available to Nonprofit Endangered Property Programs**

As noted above, the nonprofit status of the Endangered Property Program can bring considerable financially attractive incentives to the table in constructing a package to induce an owner of a threatened building to enter into negotiations, or to persuade a new investor to take on the project to preserve and rehab that building. This nonprofit status is a kind of public trust, and as such, there are rules governing the charitable nature of these incentives.

#### ***The Charitable Contribution Tax Deduction and Donations of Property***

Donors to nonprofit organizations recognized as 501(c)(3) organizations under the federal code applying to the Internal Revenue Service may be able to take a tax deduction (that is, to reduce the amount of income on which they must pay tax, with the rate paid on the tax determined by the income level) for gifts of cash, property, or other goods that can be valued. The donation is known as a charitable contribution, and the associated tax deduction as the charitable contribution tax deduction.

Donations of cash are easy to value, of course, but property (or other goods) generally must be appraised. A key point is that it is up to the donor to undertake the appraisal and set the value of the charitable contribution deduction – NOT the nonprofit. The nonprofit’s duty in the process is simply to acknowledge the gift, in writing.

In the case of gifts large enough that the donor may not be able to reduce their income by the full amount of the gift, it may be possible for the donor to spread the deduction over years past and years ahead in addition to the year of the gift. This too is a tricky area and one where the donor’s tax advisors are in the best position to help the donor assess the exact value of the gift as it can be expected to affect the donor’s tax liability.

The Endangered Property Program’s staff and board need to learn about this feature of American tax law enough to discuss it knowledgeably with potential donors, but they should always encourage the donors to consult with their own tax advisors to understand the specific ins and outs.

### *The Bargain Sale*

In addition to donating a property outright, a property owner can sell the property for less than its appraised value and deduct the difference as a charitable contribution tax deduction.

Appraisal is a simple process of understanding the building's actual value and subtracting the price paid by the nonprofit – the difference is the tax deduction. Donors must be careful, however, to deduct enough that it will be regarded by tax authorities as a true donative sale; the general understanding is that the donation should be at least 20 percent of the value of the property.

Many potential donors are completely unaware of this possibility and it may make the difference in making some transactions possible. Again, the EPP staff and board must know enough to sketch this possibility to a potential donor, without crossing the line into tax advice.

### *Donation of Life Estate*

There are a variety of tools for making a donation to the EPP; one that is less desirable, in terms of being able to remove the property from the hands of an adverse owner, is accepting the donation of a life estate. The donor retains their interest in the property as if it were full title but undertakes an iron-clad agreement that the property passes to the committee upon the donor's demise. There is generally an immediate tax deduction available to the donor, based on an appraisal and an actuarially based estimate of the value of the gift in the future. As with all donations, the donor is responsible for the appraisal and determination of the amount of the deduction. Land trusts often use this technique for conservation lands, especially in the case of a donor who will continue to care for the land and manage it according to the conservation goals of the recipient organization. For endangered historic properties, this is less desirable; but for useful properties and a good owner, the technique might be something to consider in terms of taking a gift that the committee might someday be able to sell and use the proceeds for its needs.

## **Tools for Successful Real Estate Transactions**

### *The Option*

An Endangered Properties Program is, in effect, a broker – the aim is simply to match a threatened property with an eligible buyer that will put the property back into service. Except in one critical way – creating a permanent protective covenant, discussed below – it is not necessary for the EPP strictly to buy and hold a threatened property. However, it is desirable for the EPP to possess enough control – more than a broker would have – to investigate the needs of the property, be secure enough in marketing the property that it can bring an approved buyer to the table, impose conditions requiring rehabilitation upon sale, and create the protective covenant before the purchaser acquires it. Having the EPP option the property is one of the most critical techniques available to gain the kind of control needed to make preservation transactions possible. In optioning a property, the EPP is effectively buying both time –

whatever might be needed to line up the many factors involved – and just enough control to bring off a final transaction to the benefit of the property’s future. While the building is under option, the owner is still generally required to take care of carrying costs – insurance, property taxes, security, utilities, etc. – unless these are negotiated as part of the option (if an owner really is unable to take care of some of these things, it may be safer for the building for the EPP and its volunteers to deal with them).

An option is effectively an enforceable contract to purchase the property at a specified future date at an agreed-upon price. It is entirely voluntary on the part of the seller, and the conditions of the option are negotiable. The seller does not even need to be paid if they agree not to be; or the EPP might pay a negotiated price that compensates the seller for taking the property off the market and conferring power on the EPP to arrange the ultimate transaction. Depending, again, on negotiations, the cost of the option might be refunded if the EPP does not bring off an ultimate sale or be applied to the ultimate purchase price – or it simply might be the cost of doing business with the seller.

Effectively, if the seller expects to be paid and ultimately expects the EPP to take the property off their hands at the end of the option period, the EPP is taking on the risk that it might have to actually have to pay full purchase price for the property. That risk, however, is some months in the future – whatever timeframe can be negotiated. Meanwhile, the EPP uses the time to find the ultimate buyer.

With a buyer standing ready with financing or cash (or both) to fund the purchase price, the EPP undertakes a double closing – without needing the cash in hand. The EPP exercises the option to buy the property at the price agreed-upon with the seller and then immediately turns around and sells it to the ultimate buyer for the ultimate buyer’s price and other terms as agreed in a contract for sale with the EPP. In between, in the fifteen or so minutes that the EPP holds the property, the EPP imposes a permanent protective covenant that the final buyer will abide by, long-term.

## **Tools that Encourage Historic Preservation**

### ***The Rehabilitation Agreement***

The rehabilitation agreement is one of the two key methods used by an EPP to assure that the ultimate buyer will treat their new property well. This is negotiated as part of the negotiations for the contract for sale. It is a detailed description of the work to be undertaken by the buyer, with milestones – what work must be completed by when. It covers everything about the property – exterior, interior, landscaping, and outbuildings (if any).

The principles for the treatment of historic buildings established by the Secretary of the Interior’s Standards for Rehabilitation should guide the rehabilitation agreement. See the

National Park Service's portal for the standards and guidelines and associated information at <https://www.nps.gov/tps/standards/rehabilitation.htm>.

### *Protective Covenants and Easements*

Either a permanent protective covenant or preservation easement is the other of the two key methods used by an EPP to assure that the ultimate buyer will treat their new property well. The legal restrictions in either method are designed to protect the property for all time, whereas the rehabilitation agreement covers the immediate work.

The difference in the two legal instruments described here concerns who holds and can enforce the restrictions imposed by either one. Unless written otherwise, either is meant to be permanent.

The **protective covenant** is sometimes called a "restrictive covenant," but "protective" describes the basic intent more effectively to prospective buyers to whom this concept may be completely new. It consists of a set of restrictions (including sanctions if restrictions are violated) that are recorded with the deed by the owner, who undertakes to enforce the covenant. The ultimate purchaser of the property in the double closing described in the section above understands that they are buying the property subject to the covenant and its restrictions and undertakes to abide by them in completing the purchase. Covenants are sometimes used by individuals in selling their properties for a variety of reasons, but it is worth noting that in such cases, upon the death of the individual, the covenant is generally considered unenforceable by others. Because the EPP is a committee of the DJA, however, it does not die, and remains in place long term to assure that the restrictions are observed and enforce them if they are not.

A **preservation easement** is quite similar, but a third party is involved. In Missouri, however, there is not an organization that has been identified that is willing to accept a preservation easement from Joplin's proposed EPP. If there were, the easement would be created by the EPP during the momentary passage of the property through its hands at closing, same as a protective covenant, but another nonprofit corporation would be the holder and enforcer. Easements are frequently used by land trusts or conservancies (the choice between those two terms is a matter of preference among the nonprofits working to preserve land). When a private owner donates an easement to a nonprofit, they are giving something of value, and thus may be able to take a charitable contribution tax deduction for the value of the easement, which requires a double appraisal to determine the value before and after the easement; the difference is the potential value of the deduction. The enforceability of easements is governed by state law, and their deductibility is governed by IRS rules (chiefly concerning appraisal and the qualifications of the receiving organization). The ins and outs of using easements to protect property outside the EPP transactions contemplated in this study are considerable and it is not recommended that an EPP go into the business of accepting preservation easements from building owners.

One point that readers may have noted here is that there is a **diminution of value** involved. Thus, an ultimate buyer may – or may not – pay less than the appraised value of the building without restrictions. This is, however, one thing to bear in mind in designing preservation transactions for endangered properties – there may be a cost to creating limits on what property owners can do with the properties they have just bought, through both the rehab agreement and the covenant, and that can cause the ultimate purchase price to be less than a seller has negotiated in the option with the EPP. Here, again, is another way that acquisition funds can “revolve downward.”

### Mortgage Subordination

The Land Trust Alliance in their book *The Conservation Easement Handbook* defines mortgage subordination as “a consent obtained from the lender when a conservation easement is acquired on a mortgaged property. The consent ensures that the lender cannot extinguish the easement in the event of a foreclosure.”<sup>29</sup>

Both easements and protective covenants will require that the mortgage holder consent or subordinate its interests to the easement/protective covenants. This form must be included in the easement/protective covenant documents to alert potential owners that this document needs to be completed by their bank before the deal can close. Mortgage consent is essential if the state conservation easement act requires it. It is also essential if the easement donor wants to qualify for a federal tax deduction.<sup>30</sup>

Under the laws of most states, foreclosure of a mortgage that was recorded prior to the effective date of the easement will extinguish the easement. When the lien holder has formally consented to or subordinated its rights under the mortgage to the restrictions of the easement, if it ever forecloses, the land will remain subject to the conservation easement. It is therefore always sound real estate law practice to obtain a lien holder’s agreement to subordinate its interest to the conservation easement when the easement is granted.<sup>31</sup> And, as the *Handbook* observes, “Some historic property lenders...have come to recognize that the easement actually protects their collateral, because it requires maintenance of highly valued historic features.”<sup>32</sup>

The Land Trust Alliance recommends that the easement holding organization begin early to work with the owner’s attorney, and the mortgage holding bank: “Clearly explain to the lender the purpose of the easement. Describe how the easement benefits the community at large. If it is a donation, emphasize the charitable aspects. Mention that some banks have approved

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<sup>29</sup> Elizabeth Byers and Karin Marchetti Ponte, *The Conservation Easement Handbook, Second Edition*, revised and expanded, San Francisco CA; Land Trust Alliance, 2005, p. 536.

<sup>30</sup> Ibid, pp. 17-18.

<sup>31</sup> Ibid., p. 456.

<sup>32</sup> Ibid.

subordination because easements ensure that there is a responsible third party monitoring the mortgaged property.”<sup>33</sup>

The committee should explain that mortgage subordination is required if the donor is seeking a charitable deduction. If the property is to be purchased by the preservation-minded buyer, tell the bank of the need to secure the covenant’s terms in perpetuity.

Work with the buyer’s attorney to show the bank that the decline in value has little or no impact on the loan-to-value ratio for the financing. The easement-holding organization may have to identify other lenders that have subordinated their loans to the easement/restrictive covenant.

The bank may charge a fee for this service, and it may take considerable time to work with the loan officer and then the bank’s attorney to get sign off on the mortgage subordination paperwork.<sup>34</sup> Start working on mortgage subordination as soon as possible.

#### Monitoring and Enforcing the Protective Covenant

Finally, the EPP is taking on an obligation to enforce the protective covenant’s restrictions. This is no small thing. Land trusts usually will not accept the donation of an easement without an accompanying fee – often called an endowment, as the funds are expected to be used to support the long-term costs of monitoring the property, and legal fees if something must be enforced. It behooves an organization responsible for a protective covenant to keep a close eye on the affected property. A best practice is a yearly monitoring visit, undertaken if possible when the property owner is available for the visit, to maintain a relationship and gain insight into the property owner’s situation – especially if they are intending to sell the property.

Two important provisions recommended by Preservation North Carolina<sup>35</sup> for inclusion in a protective covenant are (1) a right of first refusal, and (2) the ability to take back the property should the buyer mistreat the property or fail to live up to the rehab agreement. The right of first refusal simply states that the EPP must be given the opportunity to buy the property by matching the price in a bona fide offer. (The right can be written in such a way that it does not apply to intra-family transfers or inheritance.) This is effectively a cloud on the title – the sale to the next buyer cannot go through until the EPP has relinquished its right to buy it first. Because the protective covenant is part of the deed, this is supposed to be found in the title search that generally precedes the next closing. (Sometimes it can get missed, which is why the EPP should build a relationship with the owner, so that the obligation is communicated informally among parties involved in a transfer of the property.) The actual benefit of this provision is that it establishes from the start the awareness of the new property owner that the entire covenant exists and forms the beginning of building a new relationship with the new owner. Preservation NC also employs a second restriction in its covenant, requiring that the new owner pay a

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<sup>33</sup> Ibid, p. 18.

<sup>34</sup> Ibid, p. 456.

<sup>35</sup> Maggie Gregg, Preservation NC regional director, eastern region, interview with Elizabeth Watson, August 7, 2019

transfer fee to the organization. Like the right of first refusal, this is an additional “tripwire” to call attention to the existence of the covenant and the relationship with the EPP and similarly can be written in such a way that the fee does not apply to intra-family transfers or inheritance.

The right to take back the property is the ultimate remedy in enforcing restrictions designed to ensure the long-term preservation of the property; while the EPP in most cases would hardly want to take the property back, this right provides leverage for negotiation to ensure other restrictions are observed. The owner must be fairly compensated for the value of the property at the time of the reversion. Provisions like this are generally accompanied by arbitration procedures to be followed before the ultimate decision, and then a process of appraisal is also described to set a fair price to be paid by the EPP. (Obviously, if such a situation comes to pass, the EPP must set about putting the property back on the market, aiming to find a new buyer rather than to have to raise and pay the required purchase price.)

### **Financial Incentives that Help the Bottom Line**

In addition to the nonprofit incentives described above at the beginning of this discussion of tools and techniques, the EPP has another critical advantage, knowledge of the use of governmental incentives for rehabilitation.

The public interest in historic preservation led to the recognition that property owners and developers must go to special effort and expense to undertake work that maintains the character of historic properties, and that the public in certain situations could help by reducing the cost of rehabilitation through tax incentives.

In Missouri, there are two versions of these incentives – federal and state. Because there are taxpayer dollars involved, the process for obtaining these incentives is a careful one. A key point: the applicant may not start the work until it is approved by the Missouri State Historic Preservation Office and the National Park Service. This provides the EPP with an additional service to offer potential buyers in marketing the property – familiarity with and recommendations for obtaining the tax credits. In fact, these credits can be so valuable to the bottom line that the EPP should not undertake to preserve a property that is not eligible for the credits (if not eligible, the EPP may need to undertake a preliminary investigation to determine whether it can be listed in the National Register – and may even wish to undertake the process of nomination).

#### ***The Federal Historic Tax Credit***

Since 1976, federal rehabilitation tax incentives have helped to stimulate the preservation of historic properties. A qualified rehab project on a qualified building can receive a federal tax credit of 20% (which lowers the taxes owed on a dollar-for-dollar basis, as opposed to the tax deduction for charitable contributions described above). The work must conform to the Secretary of the Interior’s Standards for Rehabilitation, and only depreciable properties are

eligible (that is, income-producing properties such as office buildings, commercial buildings, or rental housing). In 2017, the federal Tax Cuts and Jobs Act changed the tax credit so that instead of the option of taking it wholly in the year in which the building is placed into service, taxpayers are now required to take the 20% credit over five years.

The Missouri State Historic Preservation Office (which receives a federal grant each year to support its work within the American historic preservation system established by the National Historic Preservation Act of 1966, as amended) is responsible for receiving applications for rehab projects seeking the tax credit. The application process is done in three stages, the first two of which must precede start of the work: Part 1, which insures that a property is actually listed in the National Register (or nominated, and can be listed by the completion of the work); Part 2, which thoroughly describes the intended project in advance of the work, allowing reviewers to see that it conforms to the Secretary's Standards; and Part 3, which documents the completed work. An approved Part 3 must accompany the taxpayer's return.

According to the National Park Service's 2018 annual report on the program, the year saw more than "\$6.9 billion in private investment in historic preservation and community revitalization. Program activity remains high – 9% increase in certifications of significance (Part 1), and approved rehabilitation projects (Part 2 and Part 3) remain at prior-year highs. Projects [were] both big and small – almost half (46%) of all completed projects (Part 3) were under \$1 million QRE [qualified rehabilitation expenses] and 18% were under \$250,000 QRE."<sup>36</sup>

### *The Missouri State Historic Tax Credit*

Missouri is fortunately among the 35 states that have since passed companion state tax credits that apply similarly to income-producing property (sometimes also to personal residences that are certified historic structures and meet the minimum investment threshold). Missouri provides an investment tax credit equal to 25% of approved costs associated with qualified rehabilitation for both types of historic properties. At a total reduction of 45 cents on every dollar of tax owed, developers of income-producing historic properties in Missouri have learned to combine federal and state credits, plowing new investment into ageing structures and putting others back in service that were vacant or severely deteriorated.

Federal tax credits may be syndicated (there are private corporations that specialize in this) and so may also be used directly by nonprofits or provide the basis for financing needed by private developers earlier in the project than provided by tax credits, which come at the back end of the entire process. In syndication, the developer sells the tax credit for a discount, in order to receive cash that can be used in the project; the purchaser of the tax credit makes a profit upon receiving the credit, but must wait until the project is complete and the Part 3 approved.

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<sup>36</sup> <https://www.nps.gov/tps/tax-incentives/taxdocs/tax-incentives-2018annual.pdf>

### *Other Tax Incentive Possibilities*

Developers of larger buildings such as many that might be a part of Joplin's EPP portfolio also can sometimes combine historic rehab tax credits with other tax incentives. A frequent companion approach for low-income housing and other projects is the New Markets Tax Credit Program aiming at the rehabilitation of structures in low-income and blighted areas and communities.<sup>37</sup>

Another tax incentive for preservation in Missouri is the NPA credit. As explained by the Missouri Department of Economic Development, the intent of the Missouri Neighborhood Preservation Act of 1999 (effective as of January 1, 2000) "is to aid in the rehabilitation and new construction of homes in certain census blocks in the state of Missouri. The Missouri Department of Economic Development is responsible for the administration and issuance of tax credits under this program. Upon approval from the Department of Economic Development, the tax credit recipient can choose to use the credit against their tax liability or has the option of selling/transferring the credit to another person/entity. The tax credit is issued at the completion of the project and based upon approval of the final paperwork. The credit must first be applied against the tax liability for the tax year in which the credit is issued. Thereafter, any excess credit may be applied towards the tax liability for the three prior years or the five subsequent years." Because they are transferable, nonprofit entities such as Community Development Corporations (CDCs) are able to use NPA credits. The credits can be combined with historic preservation tax credits, but if a program participant claims those credits, the maximum available credits under the NPA program will be the lesser of 20% of the eligible costs or \$40,000. As with historic tax credits, participants must apply in advance of the project to be sure of receiving them.<sup>38</sup>

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<sup>37</sup> <https://www.cdfifund.gov/programs-training/Programs/new-markets-tax-credit/Pages/default.aspx>

<sup>38</sup> <https://ded.mo.gov/sites/default/files/program/instructions/2018%20NPA%20Guidelines%20%20Application.pdf> and <https://ded.mo.gov/sites/default/files/programs/flyers/NPAProgramSummary10.pdf>



## **CHAPTER 6: ORGANIZATIONAL ISSUES IN CREATING A REVOLVING FUND**

Good legal advice is needed to create a logical legal entity to hold the real estate to be optioned or donated to the EPP. DJA will need to determine if the threatened properties should be held in an irrevocable trust or in a new

nonprofit corporation to be created specifically for the EPP work. The majority of newly established revolving funds create new nonprofit corporations to isolate risk from the parent corporation, but it is worth exploring other legal ownership options.

If a committee is formed under the DJA organizational umbrella to manage the EPP program, the consultants believe that the same skills will be needed as the new nonprofit corporate board. See section below on EPP Board of Directors for skills needed.

The main difficulty in establishing a new nonprofit corporation is obtaining a Letter of Determination for the new 501(c)(3) committee from the Internal Revenue Service (IRS). Since the new EPP will likely have an organizational budget in excess of \$50,000 during the first year, the EPP cannot take advantage of the IRS EZ charitable tax-exempt status application. Instead, the EPP will need to file the much longer and more tedious IRS form 1023 application for recognition of tax-exempt status. Even after the document is filed with the IRS, the review time by the IRS takes many months.

### ***Preference for an EPP Committee***

During the consultant's interviews during our second visit to Joplin in August 2019, we learned that the DJA had an excellent reputation with the City, including the city's commercial real estate brokers and the banking community. These advisors expressed a preference that the DJA be the title holder of any EPP property because the DJA is well known and highly regarded. The DJA also owns a substantial real estate asset in the Empire Market. If the DJA were to be in need of a line of credit or other loan for gap financing, the banking community could use the collateral from the Empire Market to secure any loan. A new corporation, expressly organized to hold title for the EPP, would have no track record until it completes several real estate deals.

Ultimately the DJA Board of Directors will need to make the determination about the type of legal entity needed to hold the EPP real estate. The consultants defer to local attorney and Board member Chad Brueckner to make his recommendation to the DJA Board.

### *Contingency for Sudden Organizational Growth*

In the future, after a few successful sales of endangered properties to preservation-minded buyers, the DJA may determine that staff needs to grow, quickly.

This feasibility study assumes that part-time (half time or three days a week) staffing will be needed for the first few years of the EPP's work, when the committee is focused on one real estate deal at a time. Once there is more than one property under option or donation, the EPP may find that it is impossible to manage with part-time staff. The DJA board will have to decide how to handle the additional staff work necessary, perhaps through consulting services contracts or a change in the hours of current staff.

We recommend that the EPP committee have a contingency plan to scale up staffing the EPP, should an unexpected donation of a threatened property occur. Gifts of endangered properties could come at any time but are more likely after the successful sale and rehabilitation of a longstanding vacant commercial building downtown. If the committee has thought through the increase in staffing needs in advance, then this kind of sudden opportunity, such as the donation of a threatened property, would not make the DJA hesitate at accepting such a transformative gift. The EPP committee should create job descriptions for a full-time EPP Executive Director, a preliminary budget that reflects a full-time salary, and logical revenue projections to fund the additional costs. The growth beyond a part-time Executive Director may also make a part-time assistant likely, to assist with events (open house, clean-up), marketing, publicity, and bookkeeping. Creating a job description for the assistant and revenue projections for a part-time assistant would also seem wise.

Should the DJA Board conclude that a separately constituted charitable corporation is desirable in the future, the remaining portion of this chapter will be useful.

### **Incorporation**

Missouri requires several key documents to establish the new nonprofit corporation. They include:

- Fictitious name application
- Federal Employer Identification Number (FEIN)
- Articles of Incorporation
- Bylaws

### ***Fictitious Name Application***

The new corporation will need a name that is distinguishable from other corporations in the state. The names of all Missouri corporations are available by searching the Secretary of State's database: <https://www.sos.mo.gov/business/corporations/Default.asp>

The term "incorporated," "company," "corporation," or "limited" must be included and can either be abbreviated or spelled out. The entire process of filing a fictitious name application (commonly referred to as Doing Business As) can be completed online. A how-to booklet describing each step is available at the following link:

<https://www.sos.mo.gov/CMSImages/Business/Step-by Step Guides/RegisteringaFictitiousName.pdf>

The EPP must file a fictitious name application with the Secretary of State and must include a physical address for the corporation (post office boxes are not accepted). It costs \$7.00 to file the application, and additional fees apply for paying with a credit card or an e-check. This paperwork can be completed online, and all the signers will have to sign their names. (The EPP must also remember to save the document and print a copy for the organization's permanent records. Moreover, because the fictitious name form expires after five years, the EPP must note in the organization's calendar when to reapply to avoid a lapse in documentation. Further information is available by calling 1-866-223-6535 or emailing [corporations@sos.mo.gov](mailto:corporations@sos.mo.gov).

### ***Incorporation as a Missouri Nonprofit Corporation***

Charitable, nonprofit corporations are created at the state level and are organized for religious, charitable, scientific, literary, or educational purposes. They are then eligible to apply for federal and state tax exemptions.

The first step towards creating the new charitable entity is to form a Missouri nonprofit corporation. Filing as a nonprofit corporation in Missouri is relatively streamlined and inexpensive. The form to file is available at this link:

<https://www.sos.mo.gov/CMSImages/Business/corp52.pdf?v=2>. The state's filing guide for forming nonprofit corporations is a useful resource when navigating the application process: <https://www.sos.mo.gov/CMSImages/Business/Non-ProfitDomesticCorpFilingGuide.pdf>.

The new corporation must also name a registered agent who receives all correspondence for the corporation. This individual must be identified in the filing accompanied by a Missouri address. The application information for this filing contains all of the necessary language to be included in the bylaws for the purpose statement, inurement of income, operational limits, and dissolution clause. These terms will be familiar to anyone who has filed bylaws; they are common for every nonprofit corporation. The application will be rejected by the state if these items are not in the bylaws. The state provides the information required to be included in the bylaws in this application form (see section below about dissolution and purpose statements).

Both the state and the IRS require that a purpose statement be included in the organization's bylaws. As the IRS requires that the statement explain the organization's mission in accordance with Section 501(c)(3) of the Internal Revenue Code, this should be a guiding principle. To be effective in communicating the EPP's mission and to garner support, we recommend a purposed statement focusing on fighting blight in downtown, creating educational programs, and lessening the burdens of government. The purpose of the EPP will have much in common with the Main Street organization, but they will go about their work in a different way.

The application form requires an explanation of what will happen to the corporation's assets if it is dissolved. This information must also appear in the bylaws. The organization will also choose to be a perpetual corporation in the dialogue box. The purpose or mission statement as noted in the bylaws should be listed in the incorporation papers.

This document is signed by three incorporators with their addresses and submitted with the fee to the Secretary of State. The fee to file this paperwork with the Secretary of State is \$25.00 and should be mailed to: Secretary of State Corporation Division PO Box 778 Jefferson City, MO 65102.

### ***Yearly State Nonprofit Registration***

There is a registration fee of \$15 for nonprofit corporations operating in Missouri that is due on an annual basis around July 1. Late reports are subject to an additional fee of \$15 for each 30-day period. This can be accomplished online with a credit card.

If the organization neglects to register, this inaction may result in administrative dissolution. Additional information on filing annual reports on the Secretary of State's website is available at <https://www.sos.mo.gov/business/corporations/generalInfo>.

### **Applying for IRS 501(c)(3) Federal Tax Status**

The new EPP organization must apply to be recognized as a 501(c)(3) charity by the IRS. As with incorporation, this requires developing a purpose or mission statement.

<https://www.irs.gov/charities-and-nonprofits>

Much has been written about applying for tax-exempt status, but the most useful information can be obtained directly from the IRS. The application instructions for the Application for Recognition of Exemption, IRS Form 1023, are available here: <https://www.irs.gov/pub/irs-pdf/f1023.pdf> The application form is available here: <https://www.irs.gov/pub/irs-pdf/f1023.pdf>

The new EPP will likely have more than \$50,000 in revenues in the first three years. Therefore, the new corporation cannot use the short and uncomplicated IRS 1023-EZ form to apply for this tax status.

There are five questions the IRS recommends applicants answer before they begin filling out the online version of Form 1023:

- *Do you have a Federal Employer Identification Number (EIN)?*
  - The new EPP will have to obtain a Federal Employer Identification Number. This takes five minutes and can be done entirely online at no cost. The form is available for download at this link: <https://www.irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein>.
- *Do you have an organizing document?*
  - As described above, it is necessary first to file and obtain approval for the organization's Articles of Incorporation from the state of Missouri. The IRS requires that adopted bylaws have signatures from a minimum of two people.

The law also requires a purpose statement to be included in the organization's bylaws. The statement must explain the organization's mission in accordance with Section 501(c)(3) of the Internal Revenue Code.

- *Does your organizing document contain the 501(c)(3) required second purpose and dissolution clauses?*
  - Organizing clause recommended by the IRS: "Said organization is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations described under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code."<sup>39</sup>
  - Dissolution clause recommended by the IRS: "Upon the dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by a court of competent jurisdiction in the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes."<sup>40</sup>
- *Will you have someone represent you in dealing with the IRS?*
  - (We recommend answering No. Your organization can represent itself in dealing with the IRS.)

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<sup>39</sup> <https://www.irs.gov/charities-non-profits/other-non-profits/exempt-organization-sample-questions-organizational-and-administrative-requirements>

<sup>40</sup> Ibid.

- Will you authorize anyone to inspect or obtain documents on your behalf?
  - (We recommend answering No. Your organization can represent itself in dealing with the IRS.)

The IRS has created a checklist for navigating this long and complicated form, which is available online at this link: <https://www.stayexempt.irs.gov/se/files/downloads/i1023-checklist.pdf>. This checklist is useful for keeping track of the information completed and items that need to be gathered as part of the submission. We recommend seeking professional help to prepare the application. One potential option is to hire a local attorney skilled in working with nonprofits on a *pro bono* basis.

Note that the fee for filing Form 1023 is costly at \$600 and payment must be included with the completed application.

The new corporation may be able to expedite the tax-exempt application process by contacting their U.S. Senator(s) for assistance. This may reduce the wait period to a few months, compared with the typical six months (or more) that it takes to process the application. We recommend determining whether securing your IRS letter of determination is necessary for any particular transaction before contacting your elected official to seek their involvement.

## **The EPP Board of Directors**

### ***Board Size***

The new EPP should aim to assemble between seven and eleven board members. This is a relatively small board that will allow for greater nimbleness with decision-making and the ability to convene meetings quickly on an as-needed basis. The new EPP corporation will deal with real estate matters in which time is of the essence. Contracts must be signed in a timely manner, and negotiations cannot drag on, particularly when new owners are seeking financing and must present EPP documents to their lender in a timely manner.

The corporation may have to rely on an Executive Committee or Property Committee to make decisions quickly based on specific dollar amounts. Quick consensus and turnaround are essential to avoid losing out on a deal. For guidance on delegating board authority to staff, review pages 72-74 in *Buying Time for Heritage*. The author discusses how the Preservation North Carolina Board delegates board authority to staff to negotiate and sign options for sale on properties under a certain dollar amount, minor changes to standard restrictive covenants, and sales of properties in a certain price range lower than the listed price. Howard, the author, also identifies circumstances where the Executive Committee may make decisions, and when the

board as a whole must decide on issues related to outright purchase of a property, moving an historic building, and purchase of properties requiring substantial stabilization before sale.<sup>41</sup>

We anticipate that most EPP board members will live in Joplin or in the surrounding communities, so calling a board meeting quickly may result in a quorum. We recommend that the bylaws include a provision permitting board meetings to be conducted through conference calls so additional board members can join in the decision making.

### ***Board Expertise Needed***

The new board should be recruited with specific skill sets in mind. Ideal candidates include individuals who are well connected to local stakeholders, especially the real estate community, local government and the Joplin philanthropic community.

Other board skills needed include a background in law, real estate, banking, architecture, marketing, contracting, engineering, or historic preservation. Board members should be recruited knowing that they will NOT provide extensive *pro bono* professional services as part of their board commitment. Skilled board members are needed for oversight on the quality and adequacy of the work produced by outside consultants to be paid on behalf of the EPP corporation.

The board will identify skilled area firms to hire as advisors for each project as needed. Advisors may include a real estate attorney to represent the EPP organization in an individual transaction. Architects or engineers may be hired for specific deals, as well as Phase I environmental consultants. Other consultants that may be needed are discussed in Chapter 8.

All EPP board members need to be comfortable with risk, as this work involves making good judgments, often without complete information, even after undertaking due diligence. Good instincts and common sense would be a key attribute for any EPP board member.

The most important thing a board member can do is to stay informed by reading materials sent to them on a timely basis and to ask questions. Each board member will bring their own skills to the position and must work in good faith with the other board members to debate and discuss the issues confronting the corporation at regular or special board meetings. Once the board discusses and then votes on a matter, all board members should support the decision, especially in public.

Currently Jeff Neal serves as Board President of the DJA. Jeff is a pioneer in the revitalization of Joplin's Downtown. His construction and development companies have led more than 100 commercial historic retrofit projects. As a property owner, developer, and contractor, he not only works to repurpose and save historic structures, but places high importance on creating

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<sup>41</sup> J. Myrick Howard, *Buying Time for Heritage: How to Save An Endangered Historic Property*, Raleigh NC: Preservation Foundation of North Carolina, 2007, 72-74

energy efficient, cost-effective end results. He strives to give 100-year-old buildings a better next century! His firm is was successful bidder for the Howsmon Building from the City and is in the midst of planning its rehabilitation.

Jeff has a master's degree from the Fletcher School at Tufts University in Boston. In March of 2018, Jeff and his wife Carolina were recognized by the Missouri Alliance for Historic Preservation with the prestigious McReynolds Award for their achievements. In April of 2019, they were recognized by the City of Joplin Historic Preservation Committee as the first recipients of the Jeff & Carolina Neal Preservation Award for their achievements in historic preservation in the City of Joplin.

Other DJA Board members have high-quality skills to offer the emerging EPP. Board members are architects (Paragon Architecture), bankers (Arvest Bank), attorneys (Chad Brueckner) or represent the leadership of such large stakeholders as Missouri Southern State University, Freeman Health System, TAMKO, and RSV Paint. Committee members could be recruited to add additional expertise to be called upon for the potential EPP program.

### *Staff Expertise*

The consultants are making the assumption that Lori Haun will assume the duties of the Executive Director of the Endangered Properties Program under the umbrella of the DJA as part-time staff (half time to three days a week).

Lori has already shown herself to be an exceptional leader for this effort. She has already exhibited to the City and the DJA Board that she can respond to a major crisis that affects an historic property in downtown.

Lori wrote the successful application to the National Trust for Historic Preservation for funds to hire a preservation engineer to assess the rear section of the Howsmon Building at 508 Virginia Avenue. The engineer's report concluded that the building was indeed structurally deficient, a determination that was unexpected. The City had already declared the property to be imminently dangerous but waited until the engineer's report was complete before taking action to issue an RFP for demolition. The engineer's advice was critical and permitted another building at 506 Virginia Avenue to be saved and plans are being made for its stabilization.

Lori has a background in interior design and construction management. She has over 15 years of experience in management and sales with interior design and lighting and has worked closely with support staff, homeowners, builders, and trades to organize and coordinate projects to be on time and on budget.

Lori also is a developer of historic downtown properties, having one Main Street mixed-use building completed, and two more in progress. In redeveloping historic properties, Lori has managed all recordkeeping and accounting processes for the renovation itself. She has applied for and received state and federal Historic Tax Credits, and local property tax abatements.

As part of her current job as Executive Director of the DJA, she manages grants and business operations. She has been involved in the Empire Market since the first phone call about the donation of the property. Because of this project, and others, she has a sound understanding of managing and reporting for grants.

Lori is a graduate of Pittsburg State University, with a degree in Interior Design and Art. She served as Vice President and then President of Downtown Joplin Alliance before stepping in as the paid Executive Director. She also serves on the Historic Preservation Commission, the City of Joplin Capital Improvements Oversight Commission, and Connect2Culture, Joplin's nonprofit arts organization that is in the process of completing a \$15 million capital campaign to build a 46,000-square-foot arts and entertainment complex in the downtown.



## CHAPTER 7: INITIAL ANALYSIS – CAPITALIZATION AND COSTS

### Introduction

Starting an Endangered Properties Program to acquire threatened or endangered properties for resale to a preservation-minded buyer is more than just having money in hand to purchase options or accept property donations. While working capital is a critical tool to accomplish the EPP's aims, so is providing for adequate staff. As J. Myrick Howard points out in *Buying Time for Heritage*, the expertise of the staff is far more important than the amount of money to capitalize the fund.

### Capitalizing the Revolving Fund

The initial pool of money for a Downtown Joplin Endangered Properties Program should fund both the corpus of the fund AND the costs for staff and operation of the program, estimated to be in the range of \$200,000 to \$300,000 for the first two years. Accordingly, this chapter presents a budget of \$250,000 for fundraising purposes. While the program could begin with as little as \$100,000 in capitalization for the fund to acquire property through options, bargain sales, and outright acquisitions, a larger pool will permit the committee to support more than one project at a time during the first two or three years of operation. Table 1 provides a two-year revenue projection.

An application should be made to the 1772 Foundation for support to capitalize the revolving fund corpus. Another source might be the Community Foundation of the Ozarks, either as a donation or through a Program Related Investment.

There are likely investors in the corpus of this fund through major gifts ranging from \$5,000 to \$2,500, estimated as a potential of \$25,000. Professional firms, real estate companies, and likely consultants would be sources for \$10,000 to be collected in sponsorships. Finally, \$15,000 could be raised from individuals as members or supporters of this work in \$100 and \$500 donations.

A contribution from the City of \$50,000 from Community Development Block Grant (CDBG) funds may also be possible. The only concern about suggesting the use of these funds is how the

funds would be segregated. These funds would be used to pay for consultants involved in planning for real estate transactions or the studies and reports needed. The concern is that the use of CDBG funds bring additional costs, including compliance with prevailing wage requirements. If these funds were solely dedicated to paying for consultants, it should be possible to avoid triggering these wage requirements. The City’s Planning Director has been asked to seek clarification from HUD on these concerns.

*Table 1 – Two-year Revenue Projection*

<b>Revenue Projection – Two Years</b>	<b>Amount</b>	<b>Notes</b>
1772 Foundation	\$100,000	Grant application
CDBG funds	\$50,000	From city for real estate consultants
Community Foundation of the Ozarks	\$50,000	Donation or a program related investment
Individual major gift fundraising	\$25,000	Solicitation of \$5,000 and \$2,500 gifts
Sponsorships	\$10,000	Solicitation of real estate, building, consultant firms (\$1,000 sponsorships)
Memberships	\$15,000	\$100 to \$500 memberships from interested individuals
<b>TOTAL</b>	<b>\$250,000</b>	

**Timing for Fundraising**

The Downtown Joplin Alliance has just launched a capital campaign of \$2.5 million to raise funds for the rehabilitation of the Empire Market. The DJA has been planning this effort for close to two years and waited to launch the program until after the capital campaign was completed for Joplin’s new arts center, to avoid any conflict if two campaigns happened at the same time.

The timing of the fundraising for the new EPP program may therefore conflict with the capital campaign for the Empire Market. Moreover, fundraising for the EPP will inevitably compete with the DJA’s own sponsorship solicitation for events and operating costs. In sponsoring this feasibility study, the DJA board must decide if the new EPP program has specific funders that will support the new effort rather than draw away the existing supporters of the DJA. Both the renovation of the Empire Market and starting the Endangered Properties Program are high-priority mission-driven activities of the DJA. Sorting out fundraising approaches to new potential donors as well as longstanding financial supporters will be critical to the successful launch of the EPP

**Proposed First Year Budget For Operating Funds**

Table 2 presents a first-year budget of \$135,625, including \$73,125 for costs for staff and office operating costs and \$62,500 as working capital for real estate intervention. It is assumed that the new EPP committee will share space with the DJA at the Empire Market location for the first few years, and incur no cost for computers, rent, utilities, equipment, desks, security, computer software, and copying.

Table 2 – First-year Budget Projection

<b>EPP Operating Budget – Year One</b>	<b>Amount</b>	<b>Notes</b>
<b>Operating Expenses</b>		
Part time Executive Director	\$35,000	Assume 3 days/wk, paid as employee, no benefits
Federal and Unemployment Taxes	\$2,625	7.5% of salaries
Insurance O&D, liability	\$4,500	Separate policies for new corporation
Attorney retainer	\$10,000	Incorporation, tax status, other
Bookkeeping, accounting, audit	\$7,500	Audit of corporation est \$3500
Phone, internet	\$1,000	Cell phone, internet from DJA
Fundraising costs, printing	\$3,000	Printing of FR case statements
Local travel	\$1,000	Car travel reimbursement
General printing	\$2,500	Logo, brochures
Postage, delivery	\$500	Regular postage
Conferences, meetings	\$2500	Staff to attend trainings
Office supplies	\$500	Specific to this corp.
Computer, tables chairs desks	\$0	Share at no cost with DJA
Rent, utilities	\$0	Share at no cost with DJA
Computer expenses software	\$0	Share at no cost with DJA
Dues and Subscriptions	\$0	Share at no cost with DJA
Web site	\$2500	New web site for EPP
<b>Subtotal</b>	<b>\$73,125</b>	
<b>EPP Real Estate Costs</b>		
EPP consultants	\$50,000	
Open House costs	\$2,500	
Cleanup costs	\$5,000	
Advertising	\$5,000	
<b>Subtotal</b>	<b>\$62,500</b>	
<b>TOTAL</b>	<b>\$135,625</b>	

### ***Gathering Matching Funds and Supporting Loan Funds***

Assuming that the DJA Board votes to submit a Letter of Intent to begin an Endangered Properties Program for downtown Joplin, the application would be further strengthened if the DJA is able to submit an application (if invited) which includes at least \$100,000 in commitments to match the \$100,000 request to the 1772 Foundation. Not all of this \$100,000 needs to be cash to be held in the DJA’s accounts; as described here, we see potential for multiple parties to join forces to support the EPP’s leadership.

### ***Support from the Banking Community***

The DJA should approach the Joplin Capital Corporation (JCC) to determine if this consortium of 10 banks would be willing to rethink the purposes of their longstanding loan fund to permit the EPP to access these loan funds to pay for needed studies by experts. The loan to pay for the studies would be repaid with CDBG funds (see below) or at closing when the sale occurs. The fund is currently designed to support the establishment of small businesses; member banks presented with a project that requires more resources than available in the bank are able to take such a project to the JCC.

In our visit in August, in several conversations we raised the idea of establishing a second fund like the JCC to support the EPP’s needs. While no one made a commitment, there was active

consideration. It appears that the JCC has not had a great deal of demand in recent years, but the banks appear to be strong local leaders with many long-time relationships among their leaders and to be interested in collective work to serve the community and joining forces to help encourage the kind of unusual investment/development projects the EPP would foster.

#### Foundation Support

The DJA will also need to approach the Community Foundation of the Ozarks with a request for either grant funds or a program related investment (PRI). In our preliminary budget we are suggesting a grant or PRI of \$50,000 from the Community Foundation. The Community Foundation also has many donor-advised funds; the DJA should seek the advice of the Foundation staff to determine which funds might be interested in the work of the EPP, so that timely applications can be made. The Community Foundation of the Ozarks is potentially a fourth element in the consortium approach imagined in the preceding paragraph.

#### City Support

Exploration of possibilities for City support yielded multiple ideas:

- CDBG funding
- Property Demolition funding
- An MOU with the City to support DJA programs aimed at economic development
- Property tax abatement
- Tax increment financing (TIF)

During in our August interviews we received positive indications that these are worth further consideration. Confirming the practical aspects may take time and require actually putting them into practice through the City's involvement in helping to package particular deals. Following are further thoughts about these possibilities.

In our conversations with the City of Joplin we were reminded that that CDBG funds are reimbursements, so upfront money is needed to pay for the studies and consultants. The City of Joplin would reimburse costs eligible for coverage by CDBG funds, upon the sale of a threatened building to a preservation-minded buyer. Again, the Joplin Capital Corporation loan funds might be helpful to provide quick access to funds to pay for needed studies and reports, which could be reimbursed with CDBG funds.

During our conversations with City staff during our August meeting, we discussed whether the City might be willing to consider paying for needed studies and consultants from their Property Demolition line item in the City budget. We understand these funds come from the City's general fund and do not have the same restrictions as CDBG funds on how these funds can be used. These funds could be used to pay outright for necessary studies or consultants, especially if focused on helping potential owners see that needed repairs are not "deal killers" – thereby reducing any potential outlay from Property Demolition funding (if an EPP project were not in place to prevent demolition). In other words, for buildings rescued by the EPP, a modest

investment on the part of the Property Demolition program helps to prevent more serious outlays later.

The Howsmon Building is a perfect example of what to avoid. If the City had paid for an architectural or engineering study of the historic Howsmon Building, even just two years ago, they would have known the extent of the damage done from water pouring into the building from a leaky roof. Even small repairs to the roof at that time might have slowed or stopped the deterioration. Instead, the City was forced to pay close to \$500,000 and exhausted its own Property Demolition budget to take this imminently dangerous building down. (The building has so many liens on it already that the City is unlikely to be repaid the \$500,000 through the routine lien used to claim repayment.) If the DJA could use funds from this line item to pay for needed services for threatened historic downtown buildings, while actively seeking a new preservation-minded owner, the citizens of Joplin would benefit many times over.

The DJA may want to enter into a Memorandum of Understanding (MOU) or contract for services with the City to provide a series of real estate and small business development activities. The JDA currently offers coworking spaces for rent, one-on-one assistance to downtown businesses opening their shops, helps to grow Farmers' Market vendors into brick-and-mortar stores, provides information on tax abatements and federal and state historic tax credits, and makes recommendations for contractors, architects, National Register consultants, and other real estate professionals to anyone who asks. The City will be a primary beneficiary if any of these threatened buildings find a new owner willing to rehab them, due to the work of the EPP.

In addition to these small business and real estate services, the DJA has an extensive track record of producing large, well-run, and fun Third Thursday special events during good weather, and monthly Wine Share networking events throughout the year. Along with the Farmers' Market, these are well-loved community events that local residents have come to expect. These events bring people to the downtown from outside of Joplin, who spend money at bars and restaurants. The DJA provides these valuable and important services to the City now as a free activity.

The City's Joplin Redevelopment Corporation, which has long been focused on tornado recovery (a role it is in the process of phasing out), has a long-standing (and ongoing) responsibility to determine the appropriateness and level of property tax abatement upon application by property owners. While the City technically does not have a tax freeze program to support historic preservation – where property owners are given a period of time before the increased valuation of their properties resulting from rehabilitation boosts the property tax owed – this tax abatement program effectively works in the same way and is routinely sought by smaller developers rehabbing historic buildings. As the EPP engages in negotiations and helps potential buyers to explore how to package various financing and tax-incentive options, the City's availability to engage in negotiation over property tax abatement is an important factor.

Finally, it is feasible for the City to engage in tax increment financing (TIF) deals, whereby the City commits to devoting the added property taxes to be derived from a given project (the “increment”) to public improvements that will support the project. If needed, the City can bond against the projected income in order to raise the public funding promised. In Missouri, TIF projects are known to have been applied successfully to the needs of single properties. The TIF is another tool the City can bring to negotiations to create a successful financing package for an EPP project.

### **A Multi-Pronged Approach to Community Support for an Endangered Properties Program**

The receptivity of the banking and commercial development leaders along with City leaders in Joplin is one indicator that the EPP, if initiated, shows a strong likelihood of success. During our interviews, each participant clearly was intrigued by the possibilities and found ways to explore the idea further in their own terms. While it is important for the EPP to step into the arena to capitalize and staff the possibilities identified in this report, equally important, it seems to us, is that a three-part consortium of private city leaders, public City leaders, and the DJA, acting as an EPP committee, would strengthen the overall EPP approach. If the Community Foundation of the Ozarks can also provide ongoing support, this would be an even stronger, four-part consortium.

In conclusion, we see four specific and critical elements for the community to support the DJA, all of which we believe are present as possibilities:

1. Support an increase in staffing capacity at the DJA.
2. Support working capital/capitalization to be held by the DJA’s EPP committee as funding to intervene in the real estate market.
3. Be ready with just-in-time support for DJA intervention funding on an as-needed basis.
4. Be ready with a range of options to support the financing of a final project when a buyer is found.

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## **CHAPTER 8: RECOMMENDED REVOLVING FUND PROGRAM FOR DOWNTOWN JOPLIN ALLIANCE**

### **Creating Impact**

The Endangered Properties Program for Joplin should strive to make a significant impact with its first real estate transaction. Until that transaction is completed, the new EPP program may be able to attract positive attention without a proven track record due to DJA's good reputation in the community. The new EPP committee would be wise to give full attention to its first project, and not take on anything too large or complicated. In addition to increasing the possibility for success, the EPP committee and staff can use this first-time endeavor to learn how a transaction unfolds.

The impact of the EPP will be magnified if the first few transactions are located close by to one another in the downtown district. Proximity of the properties would further ensure that their rehabilitation and anticipated increase in value would be mutually supporting. Lessons learned from one transaction will help the next one and so on. Project consultants such as architects, attorneys, and others will be tested by these early deals so that working relationships can be established and enhanced by further projects.

The impact of these first few projects, if concentrated within a block or two of each other, will have a spillover effect to non-EPP properties located nearby. The increase in property values of the EPP sites may spur additional investment by adjacent property owners.

The EPP's work over the long haul will expand the skills of these area consultants and introduce some to historic preservation methods. These relationships are important to the future of the program, especially as professional partners can provide leads, advice, and in some cases, provide *pro bono* consulting for small matters. These professionals are also likely financial supporters of the EPP committee and need to be cultivated as such.

As deals are concluded, it is important to celebrate with the new owners on the day of the sale and to promote each success in the press. Once work is completed, the committee has a second opportunity to celebrate with the new owner, especially if they are willing to open the property for an Open House or reception. Buyers of EPP properties become a highly important group of

advocates and should be treated with the utmost care. Without their money and confidence, the condition of the threatened building would have worsened.

Glossy photos of completed projects offer another opportunity to reinforce the work of the EPP with the press. A strategic public relations campaign will win over more skeptics and introduce new friends to the committee who might eventually become financial supporters. The committee should not only seek publicity in the Joplin area, but statewide and in nearby urban centers where developers relying on historic preservation tax credits are already working. Never doubt that a professional photo on a beautiful large postcard announcing a completed EPP project will get the attention of a developer the committee has been chasing for years.

Collecting contact information from visitors at public ceremonies, open houses, and real estate showings can rapidly expand the EPP's committee mailing list over the course of a year. All of these individuals should be solicited to support the EPP with a contribution. These individuals can also be solicited to become volunteers for Clean Outs, Open Houses, or other events to celebrate the completion of a project. By engaging these individuals, the EPP is maximizing the all-important word-of-mouth marketing that spreads confidence and respect for the EPP's committee's mission throughout the community.

Finally, publicity about completed projects may bring property owners to the EPP committee that may want to sell or donate their downtown buildings. These prospects may believe in the work of the EPP from the start or need further education about how the program works. The committee should consider these as bonus offers, even if the owner may have unrealistic assumptions about the value of their building in its current condition. Companies with surplus buildings may be more likely to donate once the EPP has completed a few deals. Property owners may consider making planned gifts of their buildings to the EPP committee once they see how new buyers are treated, and how the gift is appreciated.

The impact of the first few completed endangered properties projects will have a lasting effect on both downtown Joplin and the EPP committee. Successful projects will instill confidence in the EPP committee and staff and attract new sellers who might be willing to participate. Early projects will serve as a catalyst for additional restoration and rehabilitation of historic downtown buildings. Finally, successful projects will make downtown more vibrant.

### **Mission Statement**

To communicate the ways in which the program will have an impact, the EPP Committee should develop a clear mission or charge statement for its activities at the outset of its work.

We have reviewed the mission statements of 20 existing revolving funds contained in the 2014 publication *Revolving Fund Impact Report*, a guide written in partnership by preservation graduate students at the Savannah College of Art and Design, the 1772 Foundation, and the National Trust for Historic Preservation. This report focuses on revolving funds that issue loans

and those that use real estate tools to acquire and sell buildings to preservation-minded buyers. Students collected surveys from 20 different revolving fund programs across the country. The mission statements of these organizations can be found at the end of this chapter.

### ***What Does a Mission/Charge Statement Do?***

Mission statements are created to convey a new nonprofit corporation's values and to define the boundaries of its work so the committee can be more focused and effective. Since the new EPP will remain a committee of the DJA for the near future, the committee needs a "charge" which is essentially a mission statement. A high-quality mission or charge statement should motivate board, staff, volunteers, and especially donors to give, as well as attracting people and resources to the new endeavor. Finally, a strong mission or charge statement that is easy to memorize and recite by board and staff is an invaluable public relations tool.

### ***What a Mission/Charge Statement Should Include***

All nonprofits have a mission statement to articulate where the organization is now, not at some desired future date. The mission statement should explain why the organization exists: who benefits from the results of its work; what service the organization provides; where the work takes place; and finally, how the organization benefits the public and the well-being of those it serves.

### ***Draft Mission Statement***

Based on a review of mission statements from other revolving fund organizations, the following is a draft mission statement for the Downtown Joplin Endangered Properties Program that the Board can respond to and modify in their own words:

The Downtown Joplin MO Endangered Properties Program Committee. serves as a catalyst for private investment in underutilized or threatened historic commercial downtown buildings by marketing and selling these properties to new owners and protecting these buildings for future generations through conservation restrictions. By so doing, over the long term the EPP Committee seeks to positively influence the value and vibrancy of Joplin's entire downtown.

### **Identifying the Target Area**

The Joplin Endangered Properties Program Committee should focus its efforts on the historic core of downtown and create an initial target area for program interventions. The most logical area to implement the endangered properties program is within the downtown National Register Historic District. This area constitutes approximately 36 blocks (see map). This district does not encompass the entire project area of the Downtown Joplin Alliance, but it comprises a considerable portion of the commercial district along the spine of Main Street. This area of focus has the special benefit of qualifying properties within it for federal and state rehab tax credits, adding to their appeal for developers paying close attention to the bottom line.

Should the new EPP committee wish to consider properties outside the National Register Historic District, the committee can make exceptions for highly threatened properties as they see fit.

We are recommending that the EPP committee work with the following areas during the first few years to focus the impact of the program, as described further below:

- Downtown Joplin National Register Historic District
- Sunshine Lamp Locally Designated Historic District
- Downtown Joplin Alliance program area
- Opportunity Zones in Joplin
- Properties in the greater downtown area where historic resource survey forms have been completed (estimated 250 properties)

### ***Downtown Joplin National Register Historic District***

In 1988, a comprehensive historic resources survey of the city's downtown core was undertaken. The district has somewhat irregular boundaries and extends from Pennsylvania Avenue to Wall Street, and from 1st Street to 10th Street. This district encompasses approximately 36 blocks and is nine blocks long and four blocks wide. (See Figure 1, page 69.)

We understand from the 2016 preservation plan that the original intent was to create a National Register Historic District for a much larger area. Due to budget constraints, however, five smaller and separate National Register Historic Districts were created between 2006 and 2011, including the downtown core.<sup>42</sup>

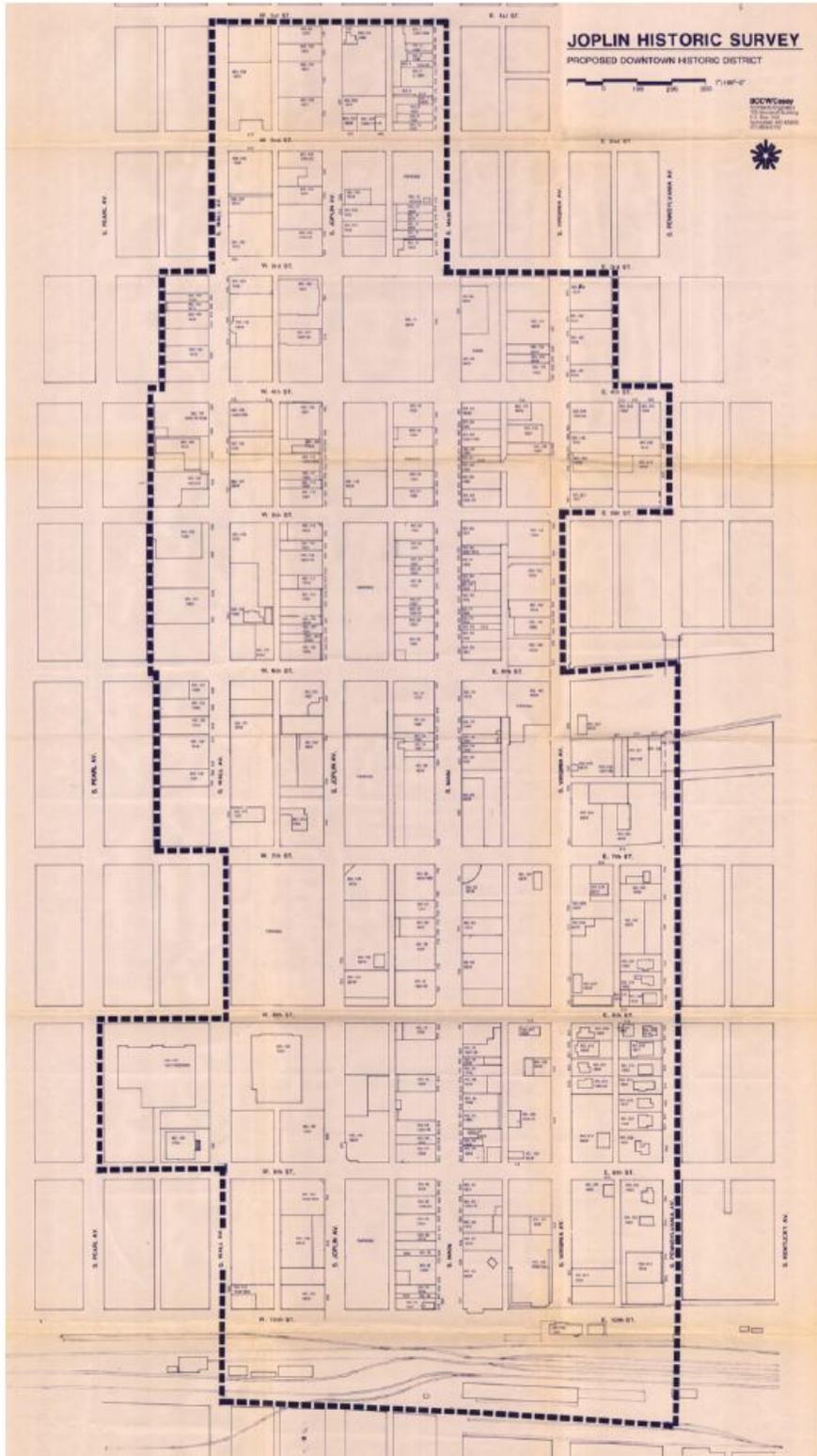
### ***Sunshine Lamp Locally Designated Historic District***

In 2006, the Sunshine Lamp District was established as a locally designated historic district, which is subject to design review by the Historic Preservation Commission. (See Figure 2, page 70.) This locally designated district is considerably smaller than the downtown National Register Historic District. Extending from 1<sup>st</sup> Street to 8<sup>th</sup> Street, the Sunshine Lamp District includes buildings along Main Street that form the spine of the district.

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<sup>42</sup> Heritage Strategies, LLC, *Preservation Plan for Joplin MO*, 2016, p. 4-3.

*Fig. 1. Downtown Joplin National Register Historic District*



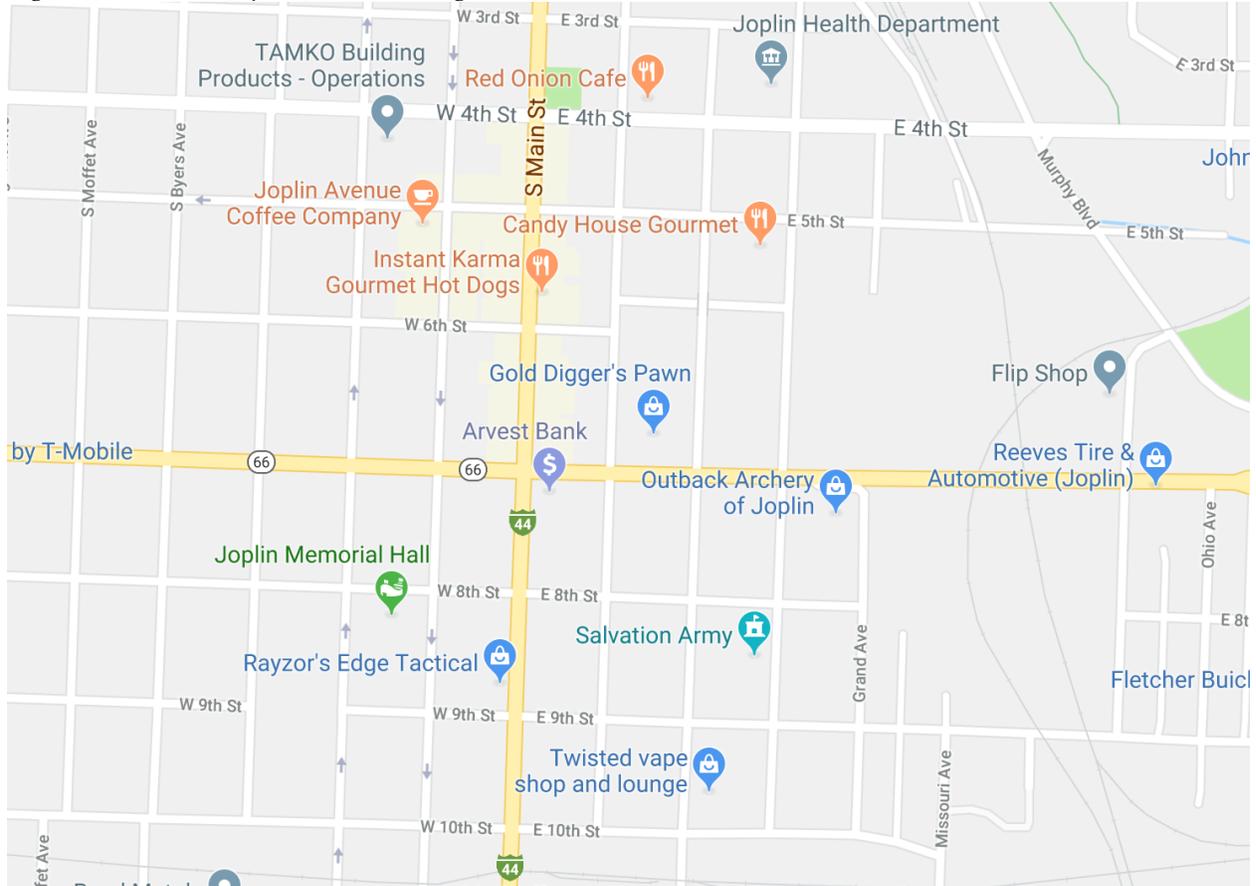
**Area of Downtown Joplin surveyed in 1988.**

*Fig. 2. Sunshine Lamp Locally Designated Historic District*



**Downtown Joplin's Sunshine Lamp District, a Local Historic District established as a zoning overlay through the city's Historic Preservation Ordinance.**

*Fig. 3. Downtown Joplin Alliance Program Area*



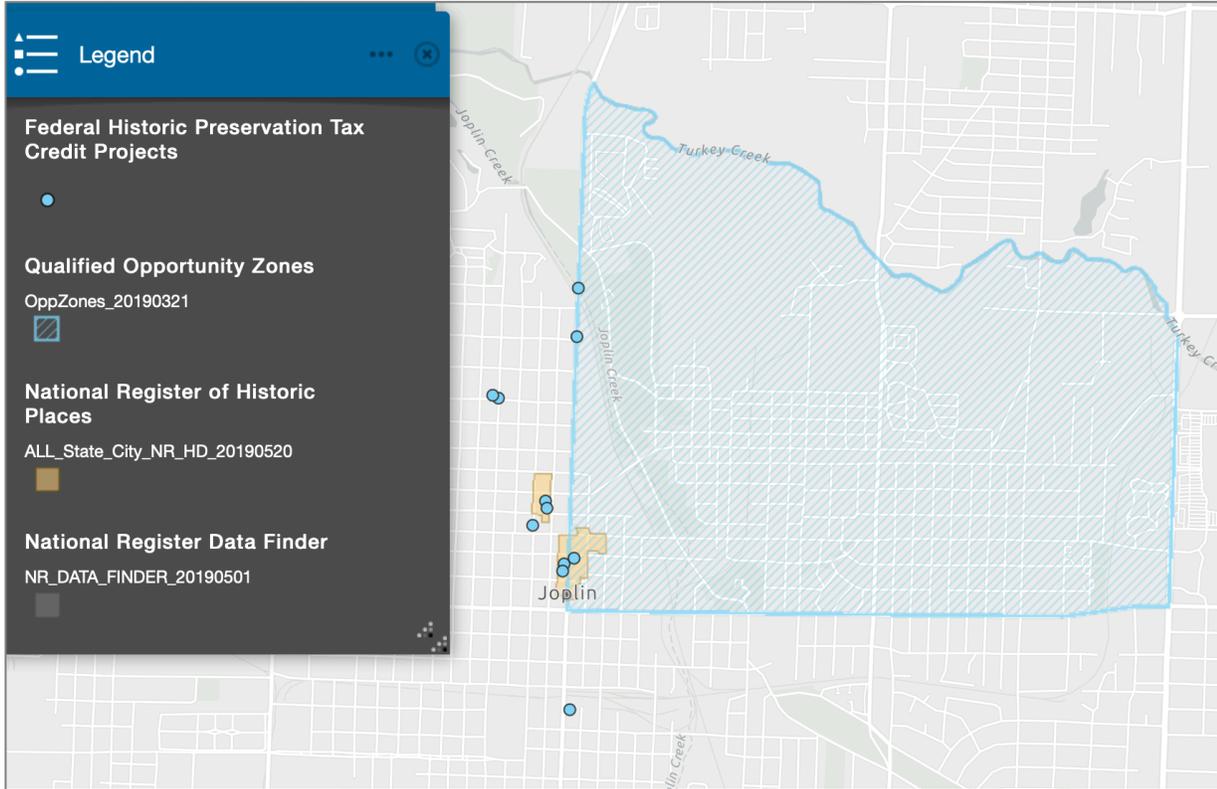
Credit: Google Maps (screenshot, 8/14/19). [DJA website: "Downtown is generally thought of as the area from Union Depot (B Street) to Gryphon Building (10th) and from the Murphysburg residential neighborhood to the west, and Empire Market to the east."]

### ***Downtown Joplin Alliance Program Area***

The program area of the Downtown Joplin Alliance is larger than the National Register Historic District. (See Figure 3, this page.) The EPP committee may consider working with a property in the program area if the building is eligible for listing on the National Register. If a property owner in the DJA project area approaches the EPP committee about sale or donation of their building, staff should immediately reach out to the state historic preservation office to request that they quickly determine if the property is eligible for listing on the National Register. This step is critical for determining whether the building could be rehabilitated using federal and state historic preservation tax credits, which greatly affects the bottom-line calculations of prospective developers.

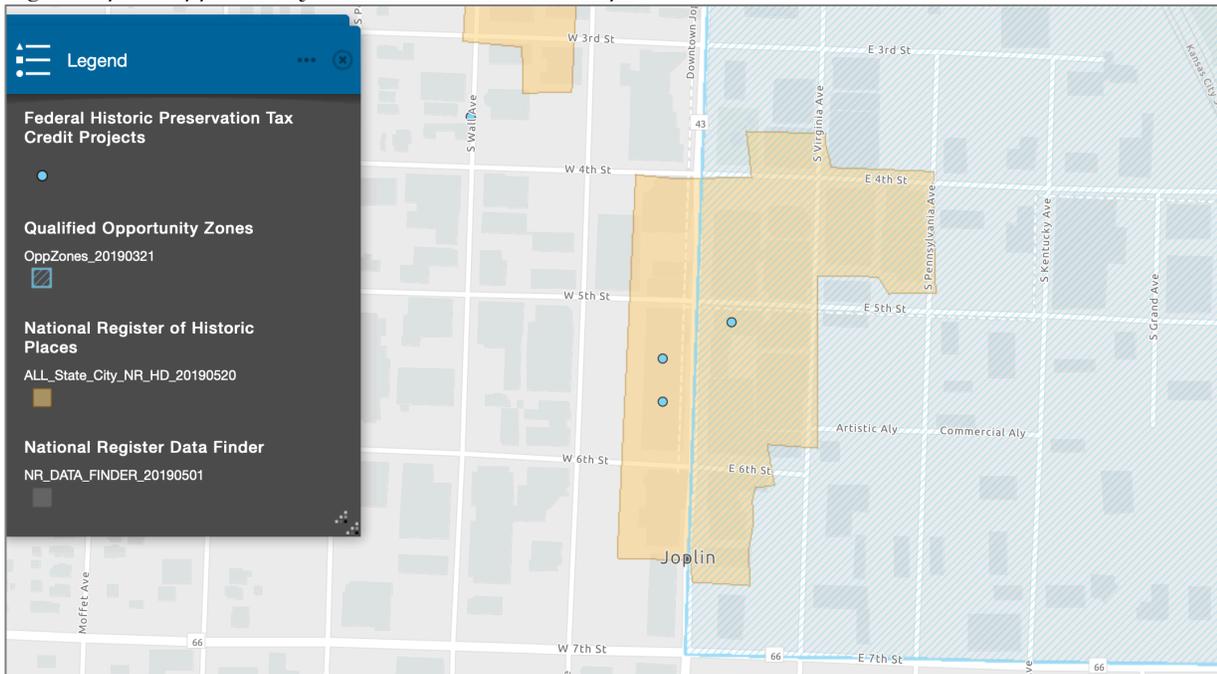
If the property is donated, and the state historic preservation office determines listing is unlikely, then the EPP committee must seriously consider whether the committee should accept the donation, as the Endangered Properties Program is focused on threatened historic buildings.

Fig. 4. Joplin Opportunity Zone (with National Register historic districts and federal tax credit projects)



Credit: <https://nthp.maps.arcgis.com/apps/webappviewer/index.html?id=d67c30dd8c284c77909fd15ba76fb629>, accessed 8/14/2019.

Fig. 5. Joplin Opportunity Zone (Downtown closeup)



Credit: <https://nthp.maps.arcgis.com/apps/webappviewer/index.html?id=d67c30dd8c284c77909fd15ba76fb629>, accessed 8/14/2019.

## Opportunity Zones in Joplin MO

The National Main Street Center issued an interactive map of all National Register Historic Districts and the designated Opportunity Zones across America in June 2019. The blog post is called “Mapping Where History and Opportunity Meet.” The map of Joplin can be found at: <https://www.mainstreet.org/blogs/national-main-street-center/2019/07/12/mapping-where-history-and-opportunity-meet>

The authors of the blog post, Anthony Veerkamp, Shaw Sprague, and Dan Watts offer the following insights on how to utilize the map and the implications of Opportunity Zones:

“Clearly much is in play, and it remains to be seen whether Opportunity Zones will drive more rehabilitation or more demolition. This may hinge on how well the preservation community mobilizes and encourages investment toward the transformation and rehabilitation of historic buildings, while ensuring that local protections are in place that protect vulnerable resources and discourage the displacement of existing residents—the very people Opportunity Zone investment is meant to help. In order to know where to focus our attention, it is essential that we know which of the 8,700 Opportunity Zones are home to the most historic properties.”<sup>43</sup>

The new EPP committee should learn more about the Opportunity Zone program and how it can be leveraged for property owners undertaking rehabilitation. Other articles from the National Trust about Opportunity Zones include:

- “Opportunity Zones and the Preservation Community” webinar
- <https://forum.savingplaces.org/blogs/forum-online/2019/01/30/webinar-opportunity-zones-and-the-preservation>
- “Fifteen Opportunity Zone Resources Available Now”
- <https://forum.savingplaces.org/blogs/special-contributor/2019/01/02/fifteen-opportunity-zone-resources-available-right>

## Recommended Criteria for Accepting Properties

*Buying Time for Heritage* lists the following five criteria used by Preservation North Carolina to evaluate whether a building should be accepted into the EPP program:

- *Is the property endangered?* —Is the property threatened with demolition now? Is it eminently dangerous? Is it threatened due to planning or zoning changes or anticipated

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<sup>43</sup> <https://www.mainstreet.org/blogs/national-main-street-center/2019/07/12/mapping-where-history-and-opportunity-meet>

changes? Is the land value higher than the value of the building itself? Can the lot be subdivided?

- *Is the property significant?* – Is the property currently listed on the National Register or is it eligible for listing?
- *Can the property be bought?* – Is the owner willing to sell, donate, or option the property? If not, can the local regulatory controls (building maintenance codes, demolition by neglect) be pursued to convince the owner to sell?
- *Can the property be sold?* – How much work is needed to stabilize the building for sale? What are the key concerns that are preventing this building from being sold? Are factors such as termite damage, asbestos, structural damage, a leaky roof, open windows, and deficient systems preventing a sale?
- *Is the undesirable location of a property or its surrounding environment diminishing the prospect of a sale?* – Is there assistance or local spin offs? Are there local people to help with clean out and showing the property? Will the property's sale lead to other known opportunities in the area?<sup>44</sup>

The National Trust's 2016 booklet *Preservation Basics: Preservation Revolving Funds* recommends the following criteria to evaluate whether to support a particular project:

- *Historic and architectural significance* – Is the property within either the local or National Register district? Is it surveyed property? Has the state historic preservation office reviewed this property for eligibility? Is the property 50 years or older?
- *Degree of endangerment* – Is the property endangered due to its current condition? Planning or zoning threat? Is there active owner intent to demolish or alter the property? Has it become a public nuisance?
- *Geographic location* – Will saving this property spark rehab nearby?
- *Building type* – What was the recent use if currently vacant? Can the property be converted to other uses based on zoning and other regulations?
- *Local support* – Does the community want to see this building saved? Would volunteers help with clean out or showing the property?

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<sup>44</sup> This criterion is also used by the Georgia Trust for Historic Preservation's Endangered Properties Program.

- *Fund participation* – Without intervention by the EPP, would this building be lost? Are there any other parties able to step in to save this building?
- *Capacity building* – Will this project build or enhance skills of the staff and/or the board? Is this project a model for others to use locally and regionally?
- *Maximum investment* – Will the board limit its risk and commit only a certain percentage of the fund for this particular project? Will there be money remaining in the fund to deal with losses or other expenses for other projects?
- *Marketability for sale in current economic climate* – Can the building be optioned and cleaned out with studies completed and a rehab agreement and restrictive covenant developed quickly enough for it to be marketed before the option runs out? Can this property be sold to a preservation-minded buyer who can profit from its development?
- *Are there other circumstances that make this building difficult to sell?* – For example, liens, title problems, or mortgages, or time deadlines? Does the title have to be untangled? Will the requisite studies take months to complete? Do you have to wait for grants to become available to undertake studies, the purchase, or the sale?

The EPP committee should consider both lists and determine which criteria to adopt for Joplin’s new program.

### **Monitoring Threatened Properties**

The EPP committee for downtown Joplin is fortunate to be created by an active Main Street organization with which it will share staff. The DJA has property information about the district as a whole at its fingertips. Staff and board members know the owners of all vacant and underutilized properties in the downtown because of its role in fostering economic development for the district. These property and owner lists will prove vital for the launch of the EPP committee.

#### ***Creating a Watch List***

We recommend developing a “Watch List” that includes all buildings within the larger National Register Historic District or project area of the DJA, where EPP intervention might help.

This watch list can be a spreadsheet that documents every property of concern, either because of its ownership (out-of-town owner, an LLC without an obvious owner’s name, multiple owners such as a property inherited by a family), deteriorated condition (known interior and exterior deterioration, structural concerns, possible environmental problems), or location (adjacent to a vacant lot owned by an area developer, or a low-story building on land zoned for higher density).

The EPP committee can create a subcommittee to monitor the watch list properties monthly and regularly track planning or zoning applications relating to the buildings. This sub-committee is ideal for involving local volunteers interested in becoming more involved with the program.

The watch list should be shared with key city officials, especially the city's building department and planning and zoning departments, so they can alert the EPP staff when issues arise. Not every property on this list is a likely target for EPP purchase and sale. The board may perceive some properties as too far gone to merit time, money, or effort to save. These properties should remain on the watch list if only to understand how the deterioration is affecting the fair market value of other buildings on the block.

We are not encouraging the EPP to create a ten most endangered properties-type program with this watch list. Preservation organizations promoting endangered property lists use them to shame owners into making repairs or selling their properties. Whereas, the watch lists the consultants are suggesting is intended to be used internally for tracking the condition of buildings and changes to properties over time. While we don't recommend that the EPP issue a list of endangered properties, staff should be aware that The Historic Galveston Foundation (Ten Most Endangered) and Historic Macon (Fading Five) have done so in the past. The EPP committee can make its own judgements in the future about the utility of creating such a list.

As mentioned in previous chapters, the EPP committee and staff need to exhibit bountiful amounts of tact and diplomacy when dealing with owners of threatened properties. There is no need to publicly comment on an owner's neglect of a historic structure. The EPP committee's goal is to offer alternative futures for these properties through their sale to other buyers. Even if an owner is neglectful, they can become a hero by deciding to sell or donate their building to the EPP committee.

It is important to regularly monitor watch list properties and assess annually (at a minimum) whether deterioration has reached a critical point. The death or health of watch list property owners may create opportunities if their families are anxious to sell to settle estate concerns. Working with individual property owners while they are alive is the most advantageous for the EPP. Once a property becomes part of an estate, the estate executor is obligated to obtain the highest value for the heirs.

### **Other Consultants Needed**

A host of professionals will be needed to help the EPP committee answer questions about properties the committee wants to receive and sell to a new owner. Each building will have different needs based on its condition, ownership, and location.

### ***Finding Qualified Professionals***

It would be wise for the EPP to create a sub-committee to identify several professionals in each category listed below. These individuals and firms should be cultivated as part of the EPP

“talent bank” list, which identifies potential partners for future projects. It would be wise for the sub-committee to recruit firms from a wide swath of candidates and explain that the EPP will work with several firms each year, thus spreading the work around. Similar to the watch list, the talent bank list is an internal document used by the EPP committee and staff to match the skill sets of outside professionals with those needed for the project at hand.

Some of the skills needed for projects will be highly technical, requiring professionals such as engineers with demonstrated preservation sensibilities, or real estate marketing consultants with Midwest credentials. Joplin may lack firms with the expertise required for projects, in which case the EPP should seek out talent from other places. These out-of-town firms should also be gathered for the talent bank list. Out-of-town service providers may be needed if a local firm has an actual or perceived conflict of interest for the property from a past work relationship.

### *Ambassadors*

There will be opportunities to provide outside professionals with the EPP committee insights immediately after a real estate deal close. Even though they are paid for their real estate expertise, these professionals are the most likely ambassadors for the EPP program. By treating these professionals as partners in any EPP project, rather than merely skilled consultants, they are more likely to provide good leads for potential projects, be financial supporters, become future committee member prospects, or make connections with others that could prove highly valuable to the EPP.

The sub-committee charged with creating a list of qualified professionals should exercise discretion. Not every realtor is pro-preservation, nor is every architect, or attorney. The organization may not need the most aggressive real estate attorney, for example, but it will require one that shares the EPP’s preservation values.

### *Talent Bank*

The following list of professionals is not exhaustive but provides the most likely talents needed for a start-up EPP effort.

- Attorney – Two kinds of attorneys are needed:
  - ◆ A general counsel to the EPP committee who will provide legal advice related to nonprofit management, employment practices, -, insurance questions, etc. This person is not likely be involved in any real estate transactions except reviewing the committee’s leases with others (if needed).
  - ◆ A real estate attorney for each transaction to provide guidance and paperwork for the option, donation, bargain sale or other real estate transaction needed. While it is tempting to work with one attorney for all real estate transactions, it might be wise in the early years to offer the opportunity to represent the EPP

committee to several local law firms, large and small, so that the aims of the EPP become well known in the legal community.

- **Preservation Architect** – Preservation architects will be needed for every transaction to help the EPP committee determine whether to accept a property for sale and resale. The architect will review the building’s current condition, advise on clean-up priorities, and create the rehabilitation agreement and portions of the restrictive covenants. The architect will consult with the EPP committee and staff on what types of professional reports will be needed based on the building’s condition.
- **Security/Board-up Firms** – Most of the buildings that the EPP may agree to obtain for resale to a preservation-minded buyer will need this service. This firm’s work will prevent additional vandalism and theft.
- **Title Insurance Firms** – There are usually several title companies in any community, which provide the important service of clearing up unknown information about a title, liens, or mortgages. In most cases, the EPP committee will engage a title search firm to verify the ownership and to uncover any easements or other encumbrances on the property’s title
- **Insurance agent** – The EPP committee will need an insurance agent for organizational concerns (liability insurance= and it will also need liability insurance for each real estate transaction. Moving from agent to agent for new projects might be burdensome but it has the benefit of educating additional professionals with the mission and purpose of the EPP committee.
- **Engineer** – An engineer skilled in preservation matters brings important expertise to the table when there is uncertainty about whether an apparently deteriorated building is structurally sound and able to be saved. Engineers skilled in working with traditional materials will be needed to render their expert opinion about such structures. Having several engineers to call is important, especially when expertise is needed quickly to counter the City’s or owner’s claim that a property is imminently dangerous to the public.
- **Real Estate Appraiser** – When the value of a building in its current condition is in doubt, an independent real estate appraiser should be retained to provide a report. Not every deal needs an appraiser but involving one can obtain important information for a sales contract or option agreement.
- **Real Estate Broker** – A local broker who will list property on Multiple Listing Service and work with staff on marketing is essential.
- **Marketing or Feasibility Study Consultants** – Large properties that have languished on the real estate market for years, may need the help of a consultant who can advise on the

feasibility of development for one or more uses for the building. This kind of skilled consulting may only be needed for one or two properties downtown. Their report and advice are intended to help convince out-of-town tax credit developers who are unfamiliar with the local real estate market to invest. These reports are expensive, so the EPP should carefully consider the timing and value of making such requests.

- **Historic Preservation Consultant** – If a property is not yet listed on the National Register, a consultant may be needed to undertake the research and submit the nomination. This is crucial for using the Federal Historic Preservation Tax Credits and Missouri Historic Preservation Tax Credits. Work only with individuals and firms that have demonstrated success with listing the type of property being considered. The EPP option period or the process of applying for a tax credit for an unlisted, eligible building may not permit waiting for the designation process to drag on and should be discussed with a qualified consultant.
- **Historic Tax Credit Consultant** – This might be an architectural firm, or a separate consultant skilled at working with owners who wish to use both Missouri and the Federal Historic Preservation Tax Credits. Work only with individuals and firms with demonstrated skills and successful results. Timing for listing the building on the National Register may be a concern, as the process to list can take months and, although the work may start before the listing process is complete, the tax credits cannot be used without the actual listing.
- **Environmental Consultants** – Phase I environmental reports are needed for most projects to ascertain if there are hazardous materials present in the building or site. These reports identify costs to mitigate and clear problems, so that potential buyers understand their financial obligations for remediation.
- **Cost Estimators** – If the EPP has large properties appropriate for multiple users, a cost estimator may be required to provide information that will help to attract investment from an outside developer.
- **Building Movers** – In the unlikely case that a small commercial building would need to be moved to a new location, a skilled firm would be needed for the job. If there are no such firms in Joplin, then several out-of-town firms should be identified and included on the talent bank list.

## Application Forms

An application form is needed to gather basic information about the owner and the property. Research on ten prominent acquisition revolving funds revealed that none of the affiliated organizations make application forms available online. There were several cases where it was even difficult to understand what each organization called their revolving fund and how it

worked. Some of the revolving funds are more than 40 years old and have very broad preservation programming, with the endangered properties program being only one component of their mission.

Given the lack of guidance from these organizations, the consultants are suggesting that the new EPP staff collect information from the owner during an initial visit according to the following checklist.

### ***Initial Information Needed***

- Contact information for the property owner, including name, address, home phone, cell phone, work phone, email address, and website (if any)
- Property block, lot, and street address
- Property ownership, whether by an individual, corporation, LLC, or trust; number and names of all owners
- Date the property was purchased, availability of existing title search information (if any), and any liens, mortgages or easements on the property since title search
- Name and contact information for current insurance broker for property
- Name of real estate broker if the property is already listed for sale
- Most recent appraisal report and whether the owner would be willing to share that report with the EPP
- Any recent analysis or condition reports that the owner contracted to be prepared about the property whether the owner would be willing to share that report with the EPP
- Name and contact information for attorney, financial advisor, or other professional the owner will seek advice from for the transaction

### **Sample Timeline for an EPP Project**

The current condition of the building and the length of the option agreed to by the owner will inform the work of the EPP committee. If the building is considered imminently dangerous by the City, the committee will have to spring into action immediately to identify a qualified engineer to determine its structural stability.

Real estate transactions generally instill in all parties that “time is money” and “time is of the essence.” The committee would be wise to agree to the longest option period the property owner is willing to consider. For example, a six-month option on a large building with complex environmental or structural problems may not be long enough to gather due diligence reports, digest them, and then conduct a region or nationwide marketing effort to attract a preservation-minded buyer to assume the option and conclude the sale. On the other hand, a two-year option may not provide enough urgency to collect reports from professionals quickly, and to market the property.

For the purposes of this section we have created a fictional downtown property called the Orange Building to provide a logical timeline that illustrates the types of professionals needed and when their work would be required by order of need. The timeline also notes when bills need to be paid, showing that the first four months, when a property is accepted into the EPP program, and before the Open House, there a tens of thousands of dollars that will be spent on studies, reports, clean out activities before the property is marketed,

*About the Orange Building:* Located on a prominent downtown corner, the Orange Building is a 40,000-square-foot masonry building with known structural issues as evidenced by a jagged crack in the masonry from the basement to the second story near the northwest corner. Vandals have stripped the four-story building of copper piping There is no heat, light, or power in the interior. The following timeline highlights tasks to be performed by EPP staff and volunteers, funds needed, and professionals required to undertake studies and reports.

### *Sample Timeline for the Orange Building*

#### **Month one**

- EPP Committee approves staff recommendation to enter into an option for Orange Building
- Real estate attorney prepares one-year option agreement for \$2,500. EPP committee agrees to purchase the property for \$50,000 from owner (owner suggests this amount, EPP staff thinks it is an appropriate price given values of similar buildings in similar condition downtown.) Under the option agreement, the owner will continue to pay liability, casualty insurance, property tax, and any utilities.
- Staff orders a title search to determine if there are liens, mortgages, or easements on the property and reports back in two weeks (assuming nothing untoward is found)
- Committee or staff enters into the option agreement (which would depend on the cost of the option and the value of the property) and pays according to schedule (if any payment is required)
- Staff orders board-up service to prevent further vandalism (one week)
- Staff obtains liability insurance to enter property (one week)
- Staff contract with an architect for an initial condition report, and to identify the kinds of professionals needed (three weeks)

#### **Month two**

- Staff contracts with professionals based on architect's initial report including (1) an engineer to investigate the crack in the masonry; and (2) the same or additional architect to investigate clean out needs, provide condition assessment, and reuse ideas (four to six weeks to produce their reports)
- Real estate attorney works on the restrictive covenant language, waits for architect to complete their report before adding those components to the restrictive covenant
- Staff prepares work plan for open house

- EPP committee is debriefed on progress of sale
- Staff pays for all services rendered

### **Month three**

- Staff waits for completion of architect's and engineer's reports (assumes same architect is providing all services)
- Architect completes condition assessment and rehab ideas
- Architect creates work plan for clean out, including number of volunteers, hard hats, dumpsters and tools needed
- Staff reviews architect's work plan for clean out and agrees on task division
- Staff receives an engineering report that shows no active movement and recommends shoring up of the corner at the time of rehab; project estimate cost is less than \$20,000 (deemed reasonable by architect)
- Architect begins work on rehab agreement after completing their report and receiving engineering reports
- Staff reviews rehab agreement, notes any changes needed
- EPP committee meets and approves rehab agreement and restrictive covenant
- Staff sets dates for clean-up and open house for the following month
- Staff begins writing collateral material for open house, creating graphics, banners, sign-in sheets, and signs
- Staff oversees creation of rehab agreement and restrictive covenant documents with architect and attorney
- EPP committee is debriefed on progress of sale
- Architect completes work plan for the clean-up; staff obtains equipment needed
- Staff develops work plan for marketing the building, locally, regionally, and nationally
- Staff recruits volunteers for two clean-up weekends, orders dumpsters, finds or buys equipment needed, borrows hard hats, designs t-shirts for both events
- Staff recruits volunteers for open house, writes press releases, plans press conference for open house, finalizes collateral for open house, prints all materials (and t-shirts)
- Staff pays engineer, architect, and attorney for services rendered; pays for t-shirts and cleaning equipment. Hard hats and other equipment are borrowed, as needed.

### **Month four**

- Staff organizes clean-up over two weekends
  - ◆ Architect provides safety briefing for all volunteers, oversees the clean-up work
  - ◆ Staff provides equipment and t-shirts for all
  - ◆ Photographer and videographer are in attendance to capture event
  - ◆ Staff manages meals, snacks, and thank you party for volunteers

- Staff oversees open house:
  - ◆ Staff manages volunteers, works with press, board and staff
  - ◆ Leadership speaks at open house press conference
  - ◆ Staff hangs banners and signs
  - ◆ Staff distributes t-shirts for volunteers, staff and board members
  - ◆ Staff places sign-up sheets and copies of the rehab agreement and restrictive covenant at entrance of building
  - ◆ Photographer and videographer are in attendance to capture the event
- Staff trains volunteers to show the Orange Building to potential buyers
- EPP committee is debriefed on progress of sale
- Staff creates collateral documents needed for marketing to investors and developers
- Staff lists property with broker and broker uploads listing on Multiple Listing Services
- Staff pays bills related to clean-up, open house, and marketing
- Staff pays architects for services rendered

#### **Months five through ten**

- Staff works with volunteers to show Orange Building; volunteers provide feedback after each showing
- Staff shows Orange Building to highly interested potential buyers, in which they review the rehab agreement and restrictive covenant
- EPP committee is debriefed on progress of sale
- Staff works with real estate broker to respond to inquiries from MLS listing
- Several potential buyers seek financing
- Staff answers questions from lenders, sends rehab agreement and restrictive covenant to lenders as needed
- One buyer submits offer at \$55,000 for property
  - ◆ Real estate attorney reviews offer
  - ◆ EPP committee votes to accept offer – offer is not large enough to cover expense of the architect and engineer’s reports, open house, and marketing costs
  - ◆ The EPP committee predicts a \$10,000 loss on this property
  - ◆ Buyer needs three months for closing, need to extend the option one month, negotiate with seller for an additional \$500.
- Architect reviews buyers’ architectural plans and suggests changes based on rehab agreement, negotiates changes, no one is happy with changes, but it gets done.

#### **Month thirteen**

- Staff sells the building to the new owner, organizes private celebration with the new owner
- Staff sends press release about the sale to local and regional media

- Staff organizes public celebration
- At closing, the real estate attorney pays the option costs (if not already paid) and purchase price to owner with financing from buyer; the EPP committee makes up any shortfall
- Restrictive covenant placed on Orange Building at sale (EPP committee responsible for enforcement)
- Staff pays remaining architect and attorney fees after closing

### **During the next two years**

- Staff and architect visit the Orange Building frequently to talk to owner and construction manager
- Staff works out minor changes to rehab agreement based on conditions found in the building to work out sensible solutions given difficult problems identified over these two years

### **Two years later....**

- Buyer finishes rehabilitation of building
- Building opens with a restaurant and two shops on the ground floor and 24 market-rate apartments above (half of which are already rented)
- Buyer agrees to host reception to celebrate opening
- Staff distributes press release with professional photos of completed building
- Staff sends postcards announcing completion of first project; staff pays for photography, printing and mailing of postcards
- Staff receives flurry of phone calls of congratulations, an inquiry, and one offer to donate a building
- Property is valued at \$4 million dollars after rehab; property taxes go to school board, city and county

### **Yearly thereafter**

- Staff or a volunteer inspects the building to make sure that the new owner is living up to the restrictive covenant

### ***Cash Flow***

This timetable shows the need to have funds readily available to pay for professional reports, attorneys' fees, and costs for the clean-up and open house. The EPP committee can pay for these costs from funds raised specifically for this purpose or obtain a line of credit from a bank, which can be paid back at closing. If there is a loss, like the one predicted above, the EPP committee must be prepared to fund the gap at closing.

## Mission Statements for Preservation Revolving Funds

- *Historic Charleston Foundation SC, established in 1957, acquisition*  
Established in 1947, Historic Charleston Foundation is dedicated to preserving and protecting the architectural, historical and cultural character of Charleston and its Lowcountry environs, and to educating the public about Charleston's history and the benefits that are derived from preservation.
- *Historic Savannah Foundation SC, established in 1960, both loans and acquisition*  
Our mission is to preserve and protect Savannah's heritage through advocacy, education, and community involvement.
- *Historic Boston Inc., established in 1960, acquisition, options, long-term leases, property exchange*  
Historic Boston Incorporated is a non-profit preservation and real estate organization that rehabilitates historic and culturally significant properties in Boston's neighborhoods, so they are a usable part of the city's present and future.
- *Historic Augusta Inc., GA, established in 1968, acquisition, mostly options*  
Historic Augusta's mission is to preserve historically and architecturally significant sites in the Augusta area by bringing together buyers and sellers of historic real estate.
- *Galveston Historical Foundation TX, established in 1972, acquisition*  
Galveston Historical Foundation preserves and revitalizes the architectural, cultural, and maritime heritage of Galveston Island.
- *Indiana Landmarks, established in 1974 Endangered Places Program, both loans and acquisition*  
Indiana Landmarks revitalizes communities, reconnects us to our heritage and saves meaningful places.
- *Historic Macon Foundation GA, established in 1975, acquisition*  
Historic Macon Foundation's mission is to revitalize the community by preserving architecture and sharing history by focusing on affordable housing and downtown revitalization.
- *Historic Salisbury Foundation NC, established in 1975, acquisition*  
To produce buyers for endangered properties, while attaching historic protective covenants.
- *Preservation North Carolina, established in 1975, acquisition and resale*  
Protect and promote buildings, landscapes and sites important to the diverse heritage of North Carolina.
- *Providence Revolving Fund, RI, established in 1980, acquisition and loans*  
The mission of the Providence Revolving Fund is to preserve Providence's architectural heritage and stimulate community revitalization through advocacy, lending, technical assistance, and development in historic areas. This is accomplished by partnering with neighborhoods and community-based organizations; retaining and developing affordable housing; collaborating

with others to preserve and develop real estate; and serving as a catalyst for public and private investment.

- *New York Landmarks Conservancy, established in 1982, loans*  
To further the preservation of historic properties in New York City.
- *Pittsburgh History and Landmarks Foundation, established in 1985, loans*  
Landmarks Community Capital Corp. a subsidiary of PHLF pursues its mission of initiating and expanding creative financing and technical assistance in historic low to moderate income neighborhoods and urban centers.
- *Preservation Greensboro Inc. NC, established in 1989, acquisitions*  
To pursue property acquisitions and partnerships to foster an enhanced environment by preserving and rehabilitating our community's historic and architectural treasures.
- *Preservation Durham NC, established in 1999, acquisitions*  
To protect Durham's historic assets through action, advocacy and education." (For the organization, not the fund specifically.)
- *Waterfront Historic Area League, New Bedford MA, established in 2008, acquisitions*  
The mission of WHALE is to foster historic preservation and continued use of the city's architectural heritage, so as to enhance community and economic vitality In New Bedford, Massachusetts.
- *Preservation League of New York State, established in 2008, loans*  
To support the preservation of historic buildings and sites through loans to property owners who will properly preserve and rehabilitate them.
- *Maine Preservation, established in 2009, acquisitions*  
To promote and preserve historic places, buildings, downtowns, and neighborhoods, strengthening the cultural and economic vitality of Maine communities. We envision a Maine where vibrant, active communities' value and sustain their historic character.
- *Michigan Historic Preservation Network, established in 2011, loans and acquisition*  
Recognizing and preserving Michigan's cultural and architectural history.
- *The Preservation Trust of Vermont, established in 2011, loans, acquisition and predevelopment*  
The Preservation Trust of Vermont's Historic Places Revolving Fund Program will preserve Vermont's architectural heritage, support downtown and village center reinvestment and stimulate downtown economic development by finding new owners for key historic properties that are underutilized or threatened. Our primary tool is to acquire an assignable option, pay for a condition assessment, engineering analysis, and/or other information that will help a new buyer make a decision to purchase the property, and to market the property.
- *The L'Enfant Trust, Washington DC, established in 2013, acquisitions*  
To preserve and revitalize Washington's historic communities through programs that preserve the streetscapes and architecture of historic Washington DC.



## CHAPTER 9: MARKETING

### Introduction

There are two types of marketing that will be needed for the potential Downtown Joplin Endangered Properties Program Committee (EPP).

The new EPP committee will need to market its services to individual property owners, estates, corporations, and institutions (schools, churches, local government, hospitals, universities, etc.) to receive donations of surplus, threatened, or disused properties, or to enter long-term option agreements that support the sale of distressed properties to preservation-minded buyers.

The second type of marketing is focused on finding preservation-minded buyers to purchase threatened properties. Below is information about each type of marketing campaign.

### Marketing to Obtain Properties to Sell

The EPP committee should identify a list of top prospects to approach from the Watch List already discussed, for donations or option agreements for the Endangered Properties Program. Likely prospects are identified in Chapter 11. Because not every property owner will be receptive to such a complicated agreement, the EPP committee should expect to pitch several individuals before securing the first EPP sale.

Individual owners of a threatened property may be easier to approach if someone in the committee has a personal relationship with them. The EPP committee should identify committee members or allies who have relationships that can be leveraged. A written introduction to the owner, or ideally, having the person join the pitch appointment, will be more effective than making a cold call. Individual owners have the ability to make a decision quickly if they understand how they will benefit from donating an underperforming asset or selling it to the new EPP committee through a long-term option agreement.

However, most owners can be expected to express the need to seek additional advice from their attorney, tax advisor, or accountant before they can commit to a decision. Follow-up is critical. Any meeting with an owner should end with asking when the owner would be willing to meet again to discuss feedback from their trusted advisor(s). The aim of the second meeting is to offer

further information to overcome objections or offer further alternatives for the owner based on their concerns. Working with out-of-town property owners may be more difficult if they are not easily accessible. Again, working with anyone who already has a relationship with an owner of a threatened property is better than a cold call.

Estates and trusts that own threatened properties might be more complicated to work with because their buildings are often represented by an attorney. Once a property has passed to an estate, the executor (whether an individual or an attorney) is under a fiduciary obligation to maximize the value of the asset for the estate. This does not mean that a donation or a bargain sale is not possible; rather, these alternatives must fit within an overall strategy for the estate. In this situation, it might be wise for the Endangered Property Program committee's attorney to approach the estate's attorney so they can discuss the range of options available for the threatened property. Follow-up is essential with executors because they have limited time to settle the estate and may want to move quickly.

Institutional owners (such as churches, schools, universities, and other entities) present other challenges because there is no true single "owner" of the property. The school superintendent or college president may not have the power to sell surplus buildings; only the school board or board of trustees can make that decision. These entities may also have contractual obligations about sales of surplus property. For example, a requirement that the sale go to the highest bidder. Religious leaders of churches, temples, or mosques may defer to the institution's board of trustees who may or may not have the ability to sell assets – the institution's regional office or archdiocese may own and oversee real estate with different rules about who owns the church and church school real estate. Hospital administrators may involve their nonprofit board or parent corporation (if a for-profit hospital) if they own the real estate and have the ability to sell.

For any of these institutional entities, it is wise to know who sits on the board of the school, university, hospital or religious institution, and determine if anyone on the committee or a close ally has a relationship with the governing body's members. Pitching an idea about a new future for the threatened property to the organizational head (principal, college president, pastor, rabbi, iman, hospital administrator, etc.) is the first step in creating a relationship which may result in an option or donation of a property to the EPP. But the EPP committee will be better positioned if several of the institution's board members are also approached about this idea from individuals they know and trust, and who can make a compelling case for action.

Corporations may have assets to sell in the downtown when the business is in the midst of either expansion or contraction. The donation of the Empire Building to the DJA is one example of how quickly a corporation can act on a donation when its interests are aligned. Corporations may have more flexibility with older assets as they have been depreciated and have little value except as a donation. Donations by corporations may be motivated by the impending close of the tax or fiscal year. Therefore, if the EPP intends to make these contacts, they should do so in the first half of the year to give the EPP committee time to undertake appropriate due diligence before accepting a donation or creating an option for a property.

### ***Follow-up is Everything***

All successful sales are contingent on follow-up, whether a real estate deal or a pricey car. The EPP staff will need some kind of tickler file or Customer Management System (CMS) file to keep track of information sent to the owner(s) and when follow-up is needed. If by an agreed-upon date there is no response from the owner, it is a best practice to contact the owner again in two days. Persistence and patience are everything, and holdups are common. For example, the owner may be tracking down their financial advisor who is on vacation. EPP Staff should follow up on multiple occasions with anyone who expresses any interest in talking further, as well as relevant board members of an institution, corporation, or church.

### ***Information Needed to Pitch to an Owner***

Public information about the property:

- Address, block and lot numbers;
- Current property taxes/assessment; and
- Recent photos/video (in case the owner is unaware of the extent of deterioration), which can help make the case for a meeting or phone discussion.

The role of the EPP is to act as an advisor to help an owner sell or donate a problem property. The first meeting should include sample documents tailored as closely to the scenario for the deal as possible – an easement agreement, protective covenant, contract for sale, or an option agreement. It is also important to describe the types of reports and advisors that the EPP will bring to the deal to overcome objections about the property so the endangered property can find a preservation-minded buyer.

### **Marketing to Preservation-minded Buyers**

Once the EPP committee has executed an option on a property or received a donation, the hard work begins. The option will be for a limited time, so time is of the essence. The EPP committee and staff will come to an early agreement on the due diligence needed to understand the property so that it can be most effectively marketed to a preservation-minded buyer.

To successfully market a property to a preservation-minded buyer, the following marketing tools are required.

#### ***Photographs***

Photographs showing the current condition of the building inside and out will be needed to document structural deterioration or water damage. Photos of the roof, perhaps taken from buildings next door or across the street (or with a drone camera if allowed by local regulations), will help the cost estimator or architect understand the extent of deterioration. Photos of “before” conditions, will be useful for marketing, and for pairing with “after” shots to publicize the sale and successful rehabilitation. Other photos taken during cleanup days will also help

convey what a “broom clean” property looks like. Photos of volunteers cleaning up the property, moreover, help to showcase the local heroes and heroines taking on this task. Such photos are essential to help potential buyers understand the possibilities, rather than seeing only a wreck of a building.

### ***Video***

Videos of the current condition after cleanup will be essential for marketing the property. Videos showing the existing conditions (broom clean) in the interior will help buyers see past the current condition. These videos can be placed on the organization’s website or shared with TV stations for their coverage of the property. Other video can be distributed to select media outlets, who might be interested in producing an online article. A site with a compelling history and other background (even “ghosts”), might generate more publicity than a similar property without a back story.

### ***Printed Collateral/Banners***

Posters, brochures, banners, fact sheets, postcards and marketing pieces should feature high-quality graphic design and should be produced using 4-color process printing. PDF versions should also be available for download (sized under 2MB so they can be posted and shared easily) from the EPP website, Facebook, Twitter and Instagram feeds. A distinct brand should be created for the EPP and expressed through a logo, color palette, and marketing templates. Developing brand usage guidelines will ensure consistency across all media.

### ***Social Media***

Social media is a key ingredient to any marketing effort today and has the added benefit of being cost-effective. Create a social media campaign around the press release schedule and reschedule the posts to other platforms (Twitter, Instagram, Facebook, etc.). Change up the photographs on all social media platforms when the cleanup occurs and post frequently throughout the entire marketing period. Consider purchasing advertisements strategically on Instagram or Facebook helps achieve your goals.

The EPP committee website should have summaries and/or copies of all due diligence documents (Phase 1 Environmental Assessment, engineering report, architectural plans or sketches). The protective covenant agreement and the rehabilitation agreement should small enough to download as PDF documents. Any brochure or fact sheet should be posted on the organization’s website. All documents should be under 10MB (preferably much smaller) so they can be easily downloaded.

### ***Paid Advertisements***

Pay for advertisements in the local paper announcing the property sale and for any independent real estate listings that the EPP committee will place. Discuss advertising needs with the real estate broker that the property will be listed with, especially in the Multiple Listing

Service, to assure that the EPP committee is not duplicating efforts. The commercial real estate broker may utilize their own networks to market the property to investors but ask them about statewide associations and regional networks in the commercial brokerage community. They may be aware of trade magazines where a well-timed announcement or advertisement is worth considering. *Midwest Living* and *Preservation News* magazines are likely locations for ad placements. It is most likely that the EPP committee will pay for these but list the committee address as the contact. Printed advertisements are costly, so be strategic with determining how many are needed over the marketing period and which publications reach the target audience.

### ***Traditional Press Releases***

Traditional public relations are essential for every endangered property marketing campaign. A complete media list will be needed with contacts for reporters at newspapers, TV, and radio outlets throughout the region. Since the EPP program crosses all topical areas, include outlets that regularly cover local news, real estate, tourism, and culture. Press releases should also be sent to the regional chamber of commerce, regional economic development entities, and regional community foundations. Make sure that photos and press releases go to Preservation Missouri, Missouri Main Street Connection, and any statewide or regional land trusts. These entities should be encouraged to post press releases on their websites and get the word out via their social media platforms. Offer radio and TV stations the opportunity to visit the endangered building and share photos and video of cleanups to add to their reporting.

The marketing campaign should include several press releases over months. One release should announce that the property has been optioned or donated with information about the possible uses, and all the contingencies and conditions of sale, especially the protective covenant agreement and the rehabilitation agreement. Another press release can be made in advance of the volunteer cleanup workday. Work with the broker representing the property to issue a press release to the real estate community in advance of the Broker Open House. Another press release should announce the Public Open House dates and times. This event can be coordinated with any DJA Wine Share or other downtown event. The final press release will occur the day after the closing and can be pre-written and embargoed until the sale is concluded. If the new property owner is willing, another press release should be sent for the completed building open house and celebration. Video and professional photos are needed of the completed building to be used to market the work of the EPP committee to other prospects.

Consult with the commercial real estate broker to identify press release opportunities in their networks. Make sure the agreement signed with the broker gives the EPP committee final review of their press releases and all marketing information. Certainty that the broker is fully representing all of the contingencies, restrictive covenants, and rehabilitation agreements that must be completed for the property is vital.

### ***Billboards***

Billboards might be a useful marketing tool if they can be made available for free or at very low cost to the new EPP committee. Perhaps a committee member or ally has a relationship with a local billboard company and can make a pitch to them to permit the EPP committee to use one or more billboards when there is not a paying client. Ask large-scale printing companies how much it would cost to produce an advertisement for a billboard and take their advice on information and photos to include that is consistent with your brand. Ask for a donation, or perhaps accept a bargain sale for this kind of advertisement from the printer.

### ***Opening the Property to Interested Parties***

Several days before the open house for the public, offer a separate open house event for area brokers. Work with the commercial real estate broker who has the listing to develop the invitations and invitation list, and to provide snacks as appropriate. Provide each broker with a packet of materials that includes the fact sheet, floor plans, protective covenant agreement, and rehabilitation agreement.

Provide a summary of the results of any study or report paid for by the EPP committee. Provide complete copies of the Phase 1 Environmental Assessment, marketing study, a summary of engineering studies to be undertaken, and title search, if relevant (if nothing of interest is found, state this) on the EPP committee web sites. Provide the full documents at the point that the EPP is in active negotiation with a buyer.

Have colorful, schematic drawings of reuse potential on display and make the architect available to discuss the plans. Put notices up at locations in the building where brokers or potential owners will ask about possible structural concerns, environmental hazards, or lead paint and how the EPP committee has obtained reports on these matters that can be made available to interested buyers. This shows that the EPP is interested in dispelling concerns, being transparent, and streamlining the sale process. Depending on the condition of the building, hard hats may be required. In this case, ask the architect and insurance agent for advice on managing the safety of guests during the open house events. Staff and EPP committee members should be available to answer questions and we are wearing colorful T shirts to identify them.

### ***Press Conference***

Host a press conference the morning of the open house to showcase the cleaned-up building and offer press releases and fact sheets for all. Refer the reporters to the website for the restrictive covenant/easement and rehab agreement. Provide hard hats as needed. Staff and a few EPP committee members need to speak and be on hand for this press conference.

### Open House for the Public

The open house will attract many people curious to see the inside of a long-neglected property. Expect that a handful of investors will want to see the interior. Staff this event with plenty of volunteers, committee members, and staff.

Hard copies of the protective covenant agreement and the rehabilitation agreement must be available for brokers, investors, and others interested in the property. These documents can also be available on the website, where casual lookers can be directed. Provide the same information available during the Broker Open House and offer to connect interested buyers with the architect to discuss the schematic plans. Have a simple, colorful fact sheet with a few photos, basic information, contingencies and contact information available and have volunteers hand the fact sheets to everyone who visits. Staff and committee members should have easy to recognize t-shirts, buttons, or hats so volunteers can quickly identify and approach them to answer questions or make connections with a potential prospect. Volunteers participating in the open house need training on how to field different types of inquiries, and who to direct prospects to for further information. Provide membership information about the DJA at any public event.

### Insider Tours for Groups and Presentations

After the open house, consider offering one or two “insider tours” for preservation groups, the Chamber of Commerce, City Council members, or other allies or potential allies to see the site and view the plans. Presentations to outside organizations can be made available as needed. These presentations would be excellent before the Planning Board, Chamber of Commerce, civic clubs like the Rotary, or the Regional Realtors Organization. Staff or a committee member would be good candidates to make these presentations as needed.

### Individual Tours by Volunteers

There will be plenty of people who show up for the open house, but others may learn about the property through other methods such as word-of-mouth. It will be helpful for volunteers to have the keys to let these visitors in and discuss the general parameters about the threatened building available for sale. This should preserve staff time for those who are truly interested. These volunteers need to be well-trained to understand when to defer difficult questions to staff. All volunteers should provide fact sheets, brochures, protective covenants, and rehabilitation agreements.

## **Conclusion**

Marketing for the new Endangered Properties Program is twofold: to get endangered properties to sell, and then to find preservation-minded buyers to purchase them for rehabilitation. These are separate marketing campaigns. Finding owners willing to donate or accept a long-term option on their endangered property might take time. The EPP organization needs a good solid win with the first project. An early win will create momentum and bring additional people to

the attention of the organization. Working with multiple properties now is not feasible until there is full time leadership and support staff in place.

Many hands will be needed in advance of setting a date for the open house. All the due diligence materials, schematic drawings, and restrictive covenants and rehab agreements must be completed first (and any Phase I Environmental testing, engineer report, or title search if needed). Expect this to take at least three to five months. These reports are essential to have in hand so that the preservation-minded buyer understands the intent of the EPP committee efforts to save this threatened building. If the terms of the option are for one year, then this leaves only six to nine months to find a qualified buyer. Time is of the essence in any real estate deal, and even more so when marketing a threatened building.

<b>Activity</b>	<b>✓</b>	<b>Notes</b>
Photos		
Videos		
Printed Collateral/Banners		
Social Media		
Paid Ads		
Traditional Press Releases		
Billboards		
Broker Open House		
Open House Press Conference		
Public Open House		
Insider Tours for Groups		
Individual Tours by Volunteers		



## CHAPTER 10: VOLUNTEER AND COMMUNITY INVOLVEMENT IN AN ENDANGERED PROPERTIES PROGRAM

### Introduction

There are many ways that the Endangered Properties Program

committee (EPP) can utilize volunteers. First and foremost, the EPP needs competent volunteers serving on the committee ; still more such volunteers may be needed to support sub-committees and *ad hoc* working groups organized by the EPP committee. Finally, individuals and like-minded community groups, existing groups of volunteers, and organizations can provide support with cleaning threatened properties, as well as marketing and showing buildings to preservation-minded buyers.

### Committee members

Committee members are volunteers and are critical to the future of the EPP effort. In the case of a new EPP, the committee should be recruited with specific skill sets in mind. Ideal candidates include individuals who are well connected to local stakeholders and with a background in law, real estate, banking, architecture, contracting, engineering, or historic preservation. The skills these individuals bring are not the only ones needed on the EPP committee. Good instincts and common sense would be a key attribute for any EPP committee member, Committee members who are comfortable with risk are valuable, as this work involves making good judgments, often without complete information even after undertaking due diligence.

Committee members can serve on sub-committees or task forces or provide their professional expertise to the EPP committee as their contribution to the work of the committee. A committee member agreement should be created outlining the expectations for each committee member in terms of attendance at meetings, committee assignments, and other policies to be implemented by the new EPP committee,

## **Sub-committees and Committee Members**

The EPP can develop sub-committees open or task forces to non-committee members to broaden the number of helpers available for the effort. Committee members should be assigned to each sub -committee or task force formed by the committee.

Open House and Clean Out sub-committees would help streamline preparations for the public unveiling of a given property.

### *The Clean Out Sub-committee*

The Clean Out sub-committee would need to identify volunteer workers, both individuals and groups with aligned interests such as unions, service organizations, high school clubs, university interest groups (focusing on such topics as architecture or horticulture). Please see the section below about using volunteer groups.

Depending on the size and condition of the building, the clean out work may happen over several weekends. The Clean Out Sub-Committee leader(s) is responsible for identifying and scheduling volunteer groups to be deployed for each clean out session. The clean out work plan will change with each building depending on the size and extent of clean up needed. A qualified leader is essential for ensuring that the work plan goes according to schedule and that all workers understand how to safely operate equipment and protect themselves from harm when working in the building. The leader of this sub-committee should work with the architect on any work plan for each property.

The leader is also responsible for rounding up equipment needed for the clean out. A wide variety of tools and equipment may be needed: gloves, face masks, dumpsters, brooms, electrical saws, wheelbarrows, shovels, rakes, garbage bags, and hard hats for all. It may be possible to borrow some of these items from the City's Public Works department (rakes, shovels, etc.), or from larger developers or contractors if just for a weekend. Donations of items can be solicited for these clean up tools, especially consumables like garbage bags. Union apprentices can be asked to bring along their own tools if they are spending a day on clean out tasks. Perhaps a dumpster company might be interested in the publicity of providing disposal service for the project as a sponsor.

### *The Open House Sub-committee*

The Open House Sub-committee could have task forces focused on staffing each Open House and preparing written and graphic materials for the event. A work plan is needed for this sub-committee so that it is well run and has an adequate number of volunteers to deploy throughout publicly accessible areas. This sub-committee would need to have many volunteers available at the event to hand out information such as fact sheets and brochures, provide directions, distribute and collect hard hats (if needed), and manage refreshments. Staff and EPP committee members would be needed to mingle with attendees and engage them in discussions about the building, as well as hand out the rehabilitation agreement and restrictive covenant

documents. Key consultants and advisors should be on hand—especially the engineer, architect, and Phase 1 environmental consultant—to provide appropriate information to all who inquire.

#### *The Marketing Sub-committee*

A Marketing Sub-committee should also be created to help identify publicity outlets in the broader region and in Tulsa, Kansas City and St. Louis markets. The media list should include influential blogs, television, radio, local and regional magazines, and real estate publications, along with newspapers. This sub-committee will need volunteers who can identify media targets and cultivate journalists in each of the major cities when projects are ready to be marketed. This sub-committee should also be tasked with creating a mailing list of developers, commercial real estate brokers, Chamber of Commerce representatives in the larger region, key preservationists, land trusts, and other allied organizations that could help get the word out about an upcoming project. In addition, the marketing sub-committee can have task forces focused on creating brochures, banners, posters, and advertisements, as well as lining up speaking engagements about the property for key groups in each of the major metropolitan areas.

### **Recruiting Individual Volunteers**

#### *Volunteer Job Descriptions*

Individual volunteers can be recruited using a brief job description that is posted on social media and the organization's website. Volunteer job descriptions should be limited to a few short paragraphs and include a description of responsibilities and skills needed. Short-term assignments are more likely to be filled. Ask for a skilled graphic designer, for example, in a volunteer job description to design one banner. If the designer completes the assignment well, ask them if they would be willing to design other banners or other graphic projects in the office, thus creating a longer term, but still episodic volunteer. The job description should identify if the organization will provide training for the work and when that will occur. For example, volunteers showing the building need to be trained about what questions to answer, and what questions to pass on to staff.

#### *Special and General Volunteers*

There are two types of volunteers to recruit: those with specific skills and general volunteers who can be utilized for any type of event.

Specific volunteers should be recruited for their skills related to publicity, graphic design, social media, clean up, or training and coordinating volunteers. General volunteers are needed for shifts during events, typically two to four hours, which may entail providing security at an Open House, cleaning the property, or mowing the lawn. General volunteer jobs do not require much experience and can be filled by almost any individual who is willing to do the work.

Volunteers will need to be trained to show the building. The EPP staff cannot visit with every prospect, so volunteers with flexible schedules can be called upon to open the property, provide a tour to the interested party, and share the fact sheet, brochures, restrictive covenant and rehabilitation agreement. Depending on the skill of the volunteer, they can be trusted to review some or none of these documents with the prospective buyer and to emphasize that questions about any of the documents should be reviewed with EPP staff.

### *Student Volunteers*

Students seeking community service hours might be possible volunteers. Be aware that this may require running background checks on those responsible for supervising young people under 18 years old. Contact The Alliance of Southwest Missouri (<https://www.theallianceofswmo.org/what-we-do/community-involvement/>) to learn the rules for working with children. Working with Scout troops or a sports team that have existing leaders who can be delegated the leadership assignment may eliminate such concerns but contact the group in question to seek their advice.

### *Recruiting Groups of Volunteers*

The EPP committee may be able to work with existing clubs and organizations to gather large groups of volunteers for projects through service clubs, sports teams, scout troops, or allied nonprofits that want to be part of a large and engaging community project. Recruiting these groups will take time and will require a volunteer job description.

To recruit groups, consider the relationship and offer an incentive to each group. For example, if a Girl Scout troop is recruited to hand out flyers about the Open House, work with the Scout leader to identify when the troop might be able to sell Girl Scout Cookies at another EPP event during their cookie sales season.

It will be easier to recruit groups if there is a direct connection between the work being sought and the group's mission and interests. A club of landscape architecture students at a local college may be willing to design and install planters or ornamental grasses for an Open House to make the property more marketable. Carpenters or other trade unions may be approached to utilize their apprentices for small projects or for the general clean out of a property. Incentives for involvement are essential and should be discussed during each recruitment conversation.

Special volunteer events organized by other groups may be a temporary source of volunteers, where it may be worth planning to take advantage of extra labor. The United Way of Southwest Missouri & Southeast Kansas, for example, like most United Ways across the nation, organizes an annual Day of Action (<https://www.unitedwaymoka.org/>). In 2018, organization recruited more than 300 volunteers to contribute their time to 40-plus projects throughout the area. The Corporation for National and Community Service continues to be available to Joplin since it began providing services after the E5 tornado of May 22, 2011, and organizes the contributions of AmeriCorps and Senior Corps volunteers (<https://www.nationalservice.gov/about>).



Lori Haun showing a property in May 2019. DJA already helps to market properties and inform potential businesses considering locating in Downtown.

## CHAPTER 11: A PORTFOLIO OF POTENTIAL ENDANGERED PROPERTIES PROGRAM PROJECTS

### Introduction

This chapter provides a portfolio of 13 potential early projects for the new Downtown Joplin Endangered Properties Program Committee. The new EPP Committee will need to prioritize these properties for their involvement. Chapter 8 recommends creating a watch list to include these properties and others. All of these properties need to be monitored on a regular basis to determine any change in condition, ownership, or development activity.

These properties are not presented in any particular order; they are labeled “Property 1,” “Property 2,” and so on to enable discussion.

They are perceived by DJA staff and others as threatened or endangered because of their current condition, location, or ownership. Some are actively for sale, most are not. Some are single buildings; others are multiple properties and vary in size from small to medium. Most are contributing properties in the National Register Historic District and considered commercial, and thus expected to be eligible for both federal and state historic preservation tax credits.

All of these properties would be better served if they were rehabilitated and in active and productive use, paying property taxes and providing needed housing and/or office and professional service spaces in downtown. The EPP’s work for the next dozen years is contained in these pages.



**PROPERTY 1: Souls Harbor**

Address: 817-821 S Main (also known 915 S Main)

Historic name: 1899 Scottish Rite Temple and 1899 Hotel Blende

Owner name: Souls Harbor Mission Inc.

Square feet: 30,000

Information from Joplin GIS Map, <https://joplingis.org/joplinwebmap/>

PIN	19201010020006000
Address	817 S MAIN ST
Own_Name	SOULS HARBOR MISSION INC
Own_Address	; JOPLIN; MO;0
Legal_Desc	BYERS & MURPHYS ADD TO MFBG LOTS 13 & 14

## **Information from 2011 Main and Eighth Street National Register Historic District**

817-819 South Main Street; 1899; Hotel Blende; contributing;

This three-story two-part commercial brick building incorporates two storefronts which have been altered and a centered single door accessing the upper floors. The upper façade is divided into three bays, the outermost of which are penetrated by 3 windows each and the centermost by a single window unit. Fenestration is flat-topped with windows set on rock-faced stone sills and capped with corresponding stone lintels. Above the third-floor windows, the façade is articulated by a corbeled brick cornice.

821-823, South Main Street, Stevens Hotel/Scottish Rite Temple 1899 Contributing

Three story two-part commercial block Neo Classical Revival type building is of brick construction with a highly articulated façade of buff colored brick. The storefront is filled but the early storefront canopy has been retained (not evident today). The interior has been converted for religious use. The upper façade is seven bays in width with flat topped windows on the second floor, semi-circular-arched on the third; windows have replacement sash. The third-floor windows are enframed within stone surrounds trimmed with stylized Ionic pilasters and the corners are finished with pilasters with matching Ionic capitals. Extending across the roofline is a metal cornice with modillions and a dentil band, above which is a parapet with corbeled brick panels.



**PROPERTY 2A: Model Clothing Building**

Name of building if known: Model Clothing Building

Address: 409-11 S Main

Owner name: Ron Erwin

Square feet:

Information from Joplin GIS map, <https://joplingis.org/joplinwebmap/>

PIN	19200340037004000
Address	411 S MAIN ST
Own_Name	ERWIN RONALD G
Own_Address	2518 OHIO AVE; JOPLIN; MO;64804
Legal_Desc	MURPHG-MURPHYS 1ST S1/2 LOT 194 & W 1/2 VAC ALLEY LYING E & ADJ

This is a large, two-part building under multiple ownership. See continued information, next page.



**PROPERTY 2B: Model Clothing Building**

Name of building if known: Model Clothing Building

Address: 407-409 S Main

Owner name: ARDE'S MAIN STREET BISTRO & CATERING ETA

Square feet:

Information from Joplin GIS Maps, <https://joplingis.org/joplinwebmap/>

PIN	19200340037003000
Address	407 S MAIN ST
Own_Name	ARDE'S MAIN STREET BISTRO & CATERING ETA
Own_Address	10726 S LAKEWOOD AVE; TULSA; OK;74137
Legal_Desc	MURPHG-MURPHYS 1ST N1/2 LOT 194 & S1/2 LOT 195 & W 1/2 VAC ALLEY LYING E & ADJ

**Information from the 2008 Downtown Joplin Historic District**

407-409 S. Main St., Contributing c. 1899 Late 19th and 20th Century Revivals Two-Part Commercial Block

This gray brick, three-story building is an excellent example of the influence of Revivalism on commercial architecture. The building is four bays wide, defined by symmetrical upper-story fenestration. Decorative elements on the upper facade wall include pilasters with Doric capitals,

arched windows with pressed brick lintels and exaggerated keystones, and a full-width pressed metal cornice featuring brackets, swags, and dentils. The first story has two separate storefronts within the historic cast iron framing system - a small storefront at the north end and the double width storefront at the south end. The south storefront retains the original deeply recessed entrance characterized by arched openings and multiple display windows. Despite the replacement of the upper-story windows and small north storefront, the building retains its character-defining high-style decorative elements, fenestration pattern, unique facade treatment, and the historic south storefront. This building retains sufficient architectural integrity to clearly convey its historic associations.



**PROPERTY 3: 410 South Wall Avenue**

Name of building if known: Robertson

Address: 410 S Wall Avenue

Owner name: INMAN JAMES T & TAYLENE R

Square feet:

Information from Joplin GIS Maps <https://joplingis.org/joplinwebmap/>

PIN	19200340040008000
Address	410 S WALL AVE
Own_Name	INMAN JAMES T & TAYLENE R
Own_Address	1507 SPRUCE ST; CHETOPA; KS;67336
Legal_Desc	MURPHG-MURPHYS 1ST LOTS 163 & 164

**Not listed in the inventory of 2010 Joplin and Wall National Register Historic District.**



**PROPERTY 4: YMCA Building**

Former YMCA

Address: 502 S Wall Avenue

Owner name: Young Men's Christian Association

Square feet:

Information from Joplin GIS MAP, <https://joplingis.org/joplinwebmap/>

PIN	19200340051007000
Address	510 WALL
Own_Name	YOUNG MENS CHRISTIAN ASSOCIATION
Own_Address	; JOPLIN; MO;0
Legal_Desc	MURPHG-MURPHYS 2ND N 50' LOT 227 & ALL LOTS 228 TO 232 INC

**Not listed in the inventory of the 2010 Joplin and Wall National Register Historic District**



**PROPERTY 5: 930 South Main Street**

Name of building if known:

Address: 930 S Main

Owner name: Steven Melton

Square feet:

Info from Joplin GIS MAP <https://joplingis.org/joplinwebmap/>

PIN	19201010022006000
Address	930 S MAIN ST
Own_Name	MELTON STEVEN W
Own_Address	306 CARDINAL LN; JOPLIN; MO;64804
Legal_Desc	BYERS & MURPHYS ADD TO MFBG LOTS 24 TO 26 INC

**Information from the 2010 Main and Eight Streets National Register inventory**

922-930 South Main Street; c. 1920; contributing

This is a single-story one-part commercial block brick building with little architectural detail. Two storefronts, altered from the original, retain traditional window-to-wall ratio. The upper facade is unornamented, with flat parapet.



**PROPERTY 6: Joplin Union Depot**

Historic name: Joplin Union Depot

Address: 1st/Main

Owner name: State of MO

Square feet:

**Information from the 1972 National Register survey card**

The Joplin Union Depot is a fireproof structure built of white-painted reinforced m concrete with wooden doors and window frames. The design of the station features a central two-story core approximately 90 feet square with two 62-foot wide single-story wings, one extending to the north 96 feet and the other to the south 99 feet.

The central section contains eight rooms on the ground level and four rooms on the second story. The main waiting rooms situated in the central core have a two-story ceiling. A large ticket office, telegraph office, and newsstand are located between the waiting room and the exterior walkway.

The second-floor rooms, on three sides of the central core, are accessible only from the exterior. Most of these rooms provide a view down into the waiting room through pivoted windows, but most of these upper rooms are not improved. At one time these small rooms provided office space for various railroad agents.

The single-story north wing, containing seven rooms, was designed for baggage and freight handling facilities. A raised floor in the northern wing, 34 feet of the wing was constructed to accommodate freight carts and truck docking. A restaurant, dining rooms, and kitchen originally occupied the south wing, and the heating plant is located in a basement below this appendage.

Further information about the building can be obtained from <https://dnr.mo.gov/shpo/nps-nr/73001043.pdf> and [http://www.waymarking.com/waymarks/WMNRW6\\_Joplin\\_Union\\_Depot\\_Joplin\\_Missouri](http://www.waymarking.com/waymarks/WMNRW6_Joplin_Union_Depot_Joplin_Missouri).



**PROPERTY 7: 826 South Main Street**

Name of building if known:

Address: 826 S Main

Owner Name: Jeffrey and Melissa Johnson

Square feet:

Information from Joplin GIS map <https://joplingis.org/joplinwebmap/>

PIN	19201010019006000
Address	S MAIN ST
Own_Name	JOHNSON JEFFREY & MELISSA
Own_Address	826 S MAIN; JOPLIN; MO;64801
Legal_Desc	BYERS & MURPHYS ADD TO MFBG LOT 32 EX N 25' THEREOF

**Information from the Main and Eight Street National Register inventory**

Haughton Block; 824-826 South Main Street; 1891; contributing;

This is a two-story two-part commercial block brick building with altered storefronts and a finish of decorative polychrome brickwork. The upper façade is four bays in width with segmental- arched fenestration, jack-arch caps, and cast-iron lintels; windows contain replacement sash units. The façade is capped with a corbeled brick and pressed metal cornice.



### **PROPERTY 8: 926 South Main Street**

Name of building

Address: 926 S Main Street, Lovies Recycled Weddings Tenant

Owner Name: Steven Melton

Square feet:

From Joplin GIS Map <https://joplingis.org/joplinwebmap/>

PIN	19201010022006000
Address	930 S MAIN ST
Own_Name	MELTON STEVEN W
Own_Address	306 CARDINAL LN; JOPLIN; MO;64804
Legal_Desc	BYERS & MURPHYS ADD TO MFBG LOTS 24 TO 26 INC

### **Information from the Main and Eighth Street National Register inventory**

922-930 South Main Street; c. 1920; contributing;

This is a single-story one-part commercial block brick building with little architectural detail. Two storefronts, altered from the original, retain traditional window-to-wall ratio. The upper facade is unornamented, with flat parapet.



**PROPERTY 9: Olivia Apartments**

Name of building: Olivia Apartments

Address: 320 SOUTH MOFFET AVENUE

Owner Name: North Main Redevelopment

Square feet:

From Joplin GIS Map <https://joplingis.org/joplinwebmap/>

PIN	19200340030006000
Address	320 S MOFFET AVE
Own_Name	NORTH MAIN REDEVELOPMENT
Own_Address:	P O BOX 550 ;STRAFFORD;MO;65757
Legal_Desc	MOFFET'S SUB LOTS

## Information from the Murphysburg Historic District Inventory

National Register Listed Olivia Apartments, 1906 Austin Allen, architect; Dieter and Wetzel, builder, Classical Revival

The five-story Classical Revival U-shaped apartment building has a limestone foundation, brick cladding and a flat roof. The primary south and east elevations exhibit the three-part façade arrangement of base, shaft,-cap typical of the Classical Revival style. Banded brick with recessed courses defines the first story; polychrome diamond pattern brickwork defines the fifth story. A carved limestone cornice and straight parapet cap the building. A gabled pediment with an arched opening defines the main entrance in the center of the primary (east) façade. A one-story porch with columns, a decorative balustrade, and modern glazing flanks each side of the entrance. Each has a second story balcony with a metal rail.

The east elevation has bilateral symmetry. The first story has five bays. Bay 1 and 5 have paired one-over-one double-hung vinyl windows. Bays 2 and 4 have paired French doors with a transom. Bay 3 has historic full-glazed paired wood doors with sidelights and a leaded glass fanlight. The second through the fifth stories have eight bays. Bays 1, 3, 6 and 8 have paired one-over-one double-hung vinyl windows; Bays 2 and 7 have a smaller six-over-six double-hung wood window; Bays 4 and 5 have paired historic wood French doors with multi-light sidelights. These inner bays have historic wood balconies with scrolled brackets. All windows have limestone frames. The south elevation has similar ornament and fenestration patterns with paired windows flanking two columns of wood balconies and French doors



**PROPERTY 10: Ambassador Apartments**

Name of building: Ambassador Apartments

Address: 420 SOUTH MOFFET AVENUE

Owner Name:

Square feet:

From Joplin GIS Map <https://joplingis.org/joplinwebmap/>

Information from the Murphysburg Historic District Inventory-- Contributing Ambassador Apartments, 1965, Modern Movement

The two-story U-shaped Modern apartment building has a concrete foundation, buff brick cladding and an asphalt shingle side-gable roof with wide eaves and rafter tails. Cross-gables cover an open walkway that spans east-west through the center of the building. Glazed panels fill the wall surface on the primary (east) elevation, above an opening that leads into the walkway. The wood rafters and slats are exposed on the ceiling. A metal staircase with open treads and a metal rail rises in the center of the space. The east elevation has eight symmetrical bays. Each slightly recessed bay is a column of wood paneling pierced by a single aluminum sliding window on each story. The wings of the U extend westward, creating an interior courtyard removed from the street. This resource is a companion to the Ambassador Apartments II at 401 South Sergeant Avenue (#107, 1974).



**PROPERTY 11: Mayflower Apartments**

Name of building: Mayflower Apartments,

Address: 602 WEST FIFTH STREET

Owner Name: WATKINS RALPH H II

Square feet:

From Joplin GIS Map <https://joplingis.org/joplinwebmap/>

PIN 19200340048001000

Address 602 W 5TH ST

Own\_Name WATKINS RALPH H II

Own\_Address: 602 W 5TH ST ;JOPLIN;MO;64801

Legal\_Desc SERGEANT'S SUB LOTS 39 TO 42 INC

## Information from the Murphysburg Historic District Inventory

1 Contributing Resource    1 Non-Contributing Outbuilding, Harry Bennett and R.W. Cole  
1928-1929 Manhattan Construction Co., Tulsa, Classical Revival

The six-story Classical Revival apartment building has a brown brick foundation, red brick cladding and a flat roof. Peaked bays interrupt the straight parapet. The primary (north) elevation has seven bays. Bays 2 and 6 project slightly and terminate in a gable end at the parapet. A portico framed by square stone pilasters projects slightly from Bays 3-5 at the raised first story. It has an Egyptian Revival colonnade and a second story balconette with a turned wood balustrade. Three segmental arched limestone frames with exaggerated keystones pierce the brown brick façade within the portico. A replacement aluminum door with glazing and a jalousie transom fills Bay 3. Two paired historic eight-light wood casement windows fill Bays 4 and 5. On the second story above the portico, two segmental arched openings with limestone keystones fill Bays 3 and 5. Two rectangular windows with decorative panels are set within a limestone block in Bay 4. On each story, Bay 1 has three single windows and the remaining bays have two single windows. All windows are historic one-over-one double-hung wood windows with limestone sills. The openings in Bays 1 and 7 have limestone keystones. Decorative carved limestone panels ornament the spandrel areas above the first story in Bays 1 and 7, and immediately above the sixth-story windows in Bays 2 and 6. Paired limestone belt courses run across the façade between the fifth and sixth stories in all bays except Bays 2 and 6, and wrap around to the first bays of the north and south elevations. Small windows with metal bars pierce each bay at the basement level.



**PROPERTY 12: Joplin Carnegie Library**

Name of building: Joplin Carnegie Library

Address: 820 Wall Avenue

Owner Name: INTERNATIONAL INS OF TECH INC

Square feet:

From Joplin GIS Map <https://joplingis.org/joplinwebmap/>

PIN 19201010017004000

Address 830 S WALL AVE

Own\_Name INTERNATIONAL INS OF TECH INC

Own\_Address: 152 SHILOH RD ;STELLA;MO;64867

Legal\_Desc BYERS & MURPHYS ADD TO MFBG LOTS 123 & 124 & S1/2 LOT 125

**Information from National Register Nomination Joplin Public Library**

<https://dnr.mo.gov/shpo/nps-nr/79001377.pdf>

The Joplin Carnegie Library, Joplin, Missouri is a three-story building designed in the Neo-Classical Revival style with detailing exhibiting Mannerist influences. It is constructed with steel beams and columns enclosed in masonry and other finish materials. Its lower floor is one-half below grade.



**PROPERTY 13: Glen Theater**

Name of building: Glen Theater

Address: 1415 South Main Street

Owner Name: BALDWIN RENTAL

Square feet:

From Joplin GIS Map <https://joplingis.org/joplinwebmap/>

PIN 19201040018003000

Address 1415 S MAIN

Own\_Name BALDWIN RENTAL

Own\_Address: PO BOX 271 ;JOPLIN;MO;64802

Legal\_Desc J C COX JR 2ND S1/2 LOT 7 & N 35' LOT 8

Information from <http://cinematreasures.org/theaters/16948>:

Jim Nutz designed and built the Show Theatre during the Depression, using innovative building techniques. The structure is Art Deco style with curved brick and steel reinforced

concrete walls, utilizing many glass blocks. Several unique features included a mannequin on a revolving deck above the entrance, porthole windows, and a spacious backstage dressing room with a rear entrance.

The second floor boasted a luxurious lounge bathed in light coming through the large windows, balcony seating, and one of the earliest sound-proof cry rooms. The building had excellent acoustics, and a state of art projection room.

It opened in September 1937 and the theatre hosted top name vaudeville acts, including burlesque, comedy, ventriloquist, and illusion acts. The nightly venue also included first run films from the major Hollywood studios, which Jim Nutz and his wife Louise hand-picked at screenings in Kansas City. Jim also conducted weekly amateur talent contests, awarding cash and other prizes, including diamond rings and gift certificates, donated by Newton's Jewelry and other local stores.

In November 1949, the Show Theatre was taken over by Dickinson Theatres and became the Glen Theatre. It was closed as a regular theatre on February 3, 1967 and became the Glen Art Theatre, screening adult movies. It was closed around 1972.



Joplin's five-story City Hall is adapted from an early 20<sup>th</sup> century department store.

## CHAPTER 12: CONCLUSION

The creation of an Endangered Properties Program Committee for downtown Joplin is an exciting moment. The DJA board, in sponsoring this feasibility study, will be building on the highly successful work associated with the December 2018 donation of the Empire Market property from the Empire District Electric Co., now Liberty Utilities-Empire District.

### **Empire Market**

The Downtown Joplin Alliance has re-purposed this historic building and its attached 11,000 square foot garage into the city's first four-season farmers' market. The 3.34-acre site at 931 E. Fourth St enabled the creation of an 11,000-square foot community garden. This garden is used by area homeless shelters to grow vegetables for their use.

This property has become a well-loved local institution in just two years. The vendors supply the community with fresh vegetables, bread, sweets, meats, cheese, wine, and craft beer. Crafters and other artisans add flavor to the market each week by selling handmade gifts. Almost all the temporary and permanent stalls are now rented. The coworking offices on the second floor have become home to entrepreneurs.

The Capital Campaign for the Empire Market will begin this Fall, 2019. The total to be raised is 2.5 million dollars. Fundraising will be phased into three separate projects over several years. The first phase to put on a much-needed new roof and create a commercial kitchen. The cost for this phase had not been determined yet during the consultant's visit to Joplin in late August 2019.

The start of the Empire Market Capital Campaign has been held off for several months while the 15 million capital campaign is completed for the new Joplin performing arts center this summer. The imminent start of the Empire Market campaign also has implications for fundraising to create a new Endangered Properties Program.

The consultants have discussed folding in the EPP fundraising to the second phase of the Empire Market capital campaign.

### **The Howsmon Building**

The new EPP committee will also build on the excellent working relationship that the DJA has with the City regarding threatened properties. The DJA successfully applied to the National Trust for Historic Preservation for funding to pay for an out-of-town preservation engineer to determine whether the rear section of the Howsmon Building at 508 Virginia Avenue, in downtown, was indeed structurally deficient. The City had already declared the property to be imminently dangerous but waited until the engineer's report was complete before taking action to issue an RFP for demolition. Another building at 506 Virginia Avenue was saved and plans are being made for its stabilization. Both of these properties are within the Fifth and Main National Register Historic District.<sup>45</sup>

### **Impact of the Revolving Fund on DJA Organization**

There will be both positive and negative impacts to the DJA in creating the new Endangered Properties Program.

#### ***Benefits from Creating a New EPP***

The benefits of creating an EPP are the following:

##### *New Committee Members are Solely Dedicated to Real Estate Projects*

Committee members are recruited specifically for the EPP committee's work, taking on its responsibilities for intervention in the downtown Joplin real estate market. An EPP committee works on a project-by-project basis which requires tenacity, risk-taking and effective marketing to sell properties to preservation-minded buyers in a timely manner. The board is highly focused on the timeline of the option period, during which the board and staff work closely to hire experts to dispel the questions preventing this property from being sold, plan marketing and publicity campaigns, recruit volunteers for clean-outs and showing the property, and celebrate when the property is sold to a preservation-minded buyer.

##### *EPP Staff is Focused on Real Estate Projects*

Part-time EPP staff will work exclusively to identify properties for donation and options and then market them to preservation-minded buyers. The work of the EPP executive director, even as a part-time professional, is focused on working with property owners of distressed, vacant or underutilized historic buildings. Strong real estate skills are necessary for the Executive Director

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<sup>45</sup> Debby Wooden, "Howsmon building demolition under way," September 7, 2018, Accessed August 6, 2019, [https://www.joplinglobe.com/news/local\\_news/howson-building-demolition-under-way/article\\_ca546569-c5f1-5850-b8ff-421d1f9098ad.html](https://www.joplinglobe.com/news/local_news/howson-building-demolition-under-way/article_ca546569-c5f1-5850-b8ff-421d1f9098ad.html)

position working in partnership with board members plus active developers, attorneys and other technical experts who are paid for their advice.

#### *New Revenue Sources May be Available to the EPP*

There may be grant sources that will support an EPP organization's work rather than the downtown corporation. While an EPP committee is a niche effort, there may be some economic development funders that prefer to support community organizations who become actively involved in the real estate development process. EPP efforts are highly visible when a sale occurs, and when the building rehabilitation is complete. Successful property sales can bring additional financial support from both new and long-time donors, who see tangible results for their financial investment in the organization.

#### ***Drawbacks in Creating a New EPP Committee***

##### *Creates an Outright Competitor for Membership, Grant Funds, and Sponsorship Dollars*

The new Endangered Properties Program is charged with buying and selling distressed real estate in downtown Joplin, an endeavor that has never been done before. The committee will purchase an option or receive a donation of a threatened property so that it can be sold to preservation-minded buyers. This may create great interest in the new effort and bring new supporters to the DJA. The Downtown Joplin Alliance may see that some of its donors and sponsorship dollars are redirected to the new committee by companies that have close ties to real estate projects in town. As the new EPP committee grows, the DJA will have to be very clear with existing donors that it is providing continuing value to the downtown, and why it continues to be worthy of their support.

##### *New EPP May Come to Overshadow the Parent Corporation*

The first success for the EPP may attract media attention for weeks or months after completing the first project. This is to be expected. But retaining interest, especially of donors and foundation funders in the long-term is one of the key benefits of separating out the specific real estate activities to another nonprofit corporation. Despite the fact that the new EPP effort is a new mission, its growth and development may grow larger than the DJA over time.

##### *Is the New Thing in Town*

As with any new venture in a community, the shiny new entity will get additional press and attention as the initiative is rolled out. Funders and supporters are more forgiving of a new entity and may not expect such high standards in the first few years. The Downtown Joplin Alliance, however, has a long-standing reputation and successful track record, so their stakeholders may expect a high level of performance from the new EPP.

#### **Intervention**

Through the EPP, the committee and staff will directly intervene in the downtown real estate market by working with vacant and threatened historic buildings to find new buyers willing to

invest in them. The EPP will use tried and true real estate techniques to “buy time” for these troubled structures. The work ahead is not without risk. The properties the EPP will consider for purchase may be vacant or have structural or environmental problems. The owners may be local or from out of town. These properties may be owned in an estate, a corporation, LLC, or other entity. Regardless of the ownership type, because they have flaws and require specialized information to market them – a costly, time-consuming effort for most real estate sellers – these historic structures have been neglected or even abandoned by the local real estate market, often decades. The EPP committee will provide potential new owners with reliable, insightful information about these sites, in order to make them marketable for rehabilitation.

The EPP committee can only work with owners who want to work with the EPP. The EPP cannot force anyone to sell, even if the EPP committee and staff believe that a sale to a new owner may be the right solution for a historic building’s future.

The EPP committee will work under strict time limitations created by an option or bargain sale agreement. With “time being of the essence,” the EPP committee and its consultants will be forced to work hard and fast to learn as much as possible in a limited time, so that a sufficient window of time remains to find a buyer before the option expires. The EPP committee will have to spend money upfront for studies and evaluations of each property with the hope that the sale price will be enough to repay those costs so that the EPP’s funds are not depleted over time. The EPP committee may choose to lose money on a sale if the buyer offers less than the costs the EPP has already invested but otherwise is a sound buyer who will undertake a successful rehabilitation. That is a strategic decision of the Committee, and one of the risks that the EPP takes to move properties into preservation-friendly hands.

### **Good Will**

Finally, the new EPP relies on good will. There are perhaps two dozen properties in the Joplin downtown commercial historic district that need a new owner today. These vacant or underutilized historic buildings need to be brought up to code so that they can create vitality for downtown Joplin. Some owners have not invested in their historic downtown commercial buildings in decades; these structures are the main priorities of the EPP committee as a specialized intervenor in the local real estate market. The EPP needs good will from the current owner to enter into an agreement to obtain the property and pass it on to good hands. Likewise, the EPP relies on the good will of all the real estate and professional firms that will provide timely advice to solve the buildings’ problems so that an investor or owner will see the value in investing in them for a new use. And finally, the EPP relies on the good will of the new preservation-minded owner to use known preservation standards for rehabilitation.

## Final Evaluation

In setting up this feasibility study, the consultants formulated three critical elements where we would want to find favorable conditions, the sum total of which would result in a recommendation for the Downtown Joplin Alliance to proceed with an EPP program:

1. *Existing conditions and target area:* Is Joplin ready for an EPP program? Joplin has enjoyed considerable, eminently admirable progress in bringing its downtown to life in the last two decades, and has relied on historic preservation as a foundational approach to make that happen. Most of what is left for rehab are daunting projects that the ordinary real estate sector rarely would tackle. Only a community that has seen the kind of progress already achieved might be ready for some of these projects. Joplin is ready. Moreover, economic conditions are favorable: Joplin's growth over the long term has been sustainable – indeed, the region may be among the healthiest local economies in the Midwest; the community has rebounded in many, even wonderful ways from the devastation of one of the nation's most destructive tornadoes in the history of the U.S.; and new initiatives in the health sector and a new performing arts center bring the promise of further investment in the downtown as a residential and entertainment district and the center of the community.
2. *Community support:* The fact that DJA is already self-sustaining shows a substantial amount of community support already. There is not another nonprofit preservation advocacy organization available to take on the task of leading Joplin as a community to even further heights in investing in the community's built assets. (Leadership in historic preservation in Joplin has been accomplished through its public Historic Preservation Commission.) As documented in Chapter 7, we see multiple potential partnerships with the banking and real estate sectors, the Community Foundation of the Ozarks, and City leaders and agencies. The credibility of the DJA was apparent in all of our interviews.
3. *Leadership:* Does the DJA have the capacity to undertake an EPP program? We believe that the DJA has arrived at a unique point in its development as an organization in terms of its accomplishments and leadership. Its experience provides a solid platform for a major program such as the EPP. It is self-sustaining, it is visible to the community and enjoys popular support, and members of its board (including the current executive director, a former board member) are trusted leaders in the community. The success of the Empire Market is a precursor project that demonstrates these capabilities.

Downtown Joplin is on the brink of even greater change, and we firmly believe the DJA is ready to embark upon an Endangered Properties Program for the downtown that will yield many positive results for the community. We can hardly wait to see the results!

## CREDITS

This report was written by Donna Ann Harris and A. Elizabeth Watson, FAICP and edited by Elizabeth Watson.

**Donna Ann Harris** is the principal of Heritage Consulting Inc., a Philadelphia-based Women’s Business Enterprise (WBE) consulting firm that aids non-profit organizations and government agencies nationwide in the following practice areas: downtown and commercial district revitalization, historic preservation, tourism product development, and non-profit organizational development.

Prior to starting her firm fifteen years ago, Ms. Harris was the state coordinator for the Illinois Main Street program for two years and the manager of the Illinois suburban Main Street program for four years. Prior to her Main Street career, Ms. Harris spent 15 years as an executive director of three start-ups and two mature preservation organizations, each with its own organizational and fundraising challenges.

Since starting her firm, Ms. Harris has worked with state, regional, and local Main Street programs in 24 states. She has written six feature articles in the National Main Street Center’s quarterly publication *Main Street Now* and was a regular contributor to the *Main Street Week* blog. She has spoken at the Main Street Center’s annual conference for the last 15 years and has conducted webinars for the Center’s Main Street America Institute on fundraising and organizational development topics. Ms. Harris is a Certified Main Street Manager and was named a Main Street Revitalization Professional in 2018.

Ms. Harris’s book *New Solutions for House Museums: Ensuring the Long-term Preservation of America’s Historic Houses* was published by AltaMira Press in 2007, and a second edition is forthcoming in 2020. Ms. Harris has authored scholarly articles in the American Association for State and Local History’s *History News* and the National Trust’s *Forum Journal* on her house museum research

### *Contact*

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**A. Elizabeth Watson, FAICP**, is a consulting planner with Heritage Strategies, LLC, based in Chestertown, MD, and Birchrunville, PA. The firm works to enhance great places, historic sites, cultural landscapes, and traditional communities through strategic planning and innovative programs undertaken by government and nonprofit clients.

Plans created by Heritage Strategies have addressed heritage areas, scenic byways, greenways, community historic preservation needs, multi-site interpretation, and other projects that combine planning with community education, resource conservation, and tourism development initiatives and require a broad range of knowledge in land use planning, community development, and urban design.

A former nonprofit executive and state official as well as business owner and independent planner, Ms. Watson is experienced in public-private partnership, cross-jurisdictional collaboration, and multi-level governmental cooperation. She frequently advises clients on enhancing their capabilities through strategic planning, civic engagement, board development, and fundraising.

Ms. Watson is a co-author of the National Trust for Historic Preservation's award-winning *Saving America's Countryside* (Johns Hopkins University Press, 1997, 2nd edition). She was a Loeb Fellow in Advanced Environmental Design at Harvard University's Graduate School of Design, 1993-94, and holds a master's degree in regional planning from Penn State with a certificate in historic preservation from the University of Florida's Preservation Institute on Nantucket. She was recognized as a Fellow in the College of the American Institute of Certified Planners by the American Planning Association in 2018. She graduated with a degree in history from Wake Forest University, where in 2017 she was named a Distinguished Alumna.

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