



Opportunity Appalachia

***West Virginia Information Session
February 15, 2024***

Partners



Agenda

- *Welcome & Introductions*
- *What is Opportunity Appalachia?*
- *Stories from the Ground – Past Project Success*
- *Lunch & Networking*
- *Staats Hospital Tour*
- *Nuts & Bolts of Developing Your Project*
- *Elements of a Successful Application*
- *Question & Answers*



Jennifer Ferrell

*West Virginia Department of Economic Development
Appalachian Regional Commission*



Donna Gambrell

Appalachian Community Capital



What is Opportunity Appalachia?



Opportunity Appalachia

*WV Outreach Meeting
February 15, 2024*

Presentation Preview

1. **Opportunity Appalachia (OA) Overview**
 - Who & What
2. **Opportunity Appalachia Deep Dive**
 - Types of Projects
 - Who Should Apply?
 - Types of Technical Assistance
 - Investor Convening + Project Pitches
 - Requirements
 - Selection Criteria
 - Timeline
3. **Submit Questions Throughout**

What is Opportunity Appalachia?

- ★ 30 downtown & rural development real estate projects
 - **6 states: KY, NC, OH, TN, VA, WV (Appalachian counties)**
- ★ Provide \$1.8M to fund direct technical assistance
 - **\$40,000 – \$75,000 per project**
 - **Prepare projects for investment**
- ★ Raise over \$150M of new investment for targeted communities

Support downtown and rural development to build entrepreneurial communities, create quality jobs and revitalize local economies

Opportunity Appalachia Leadership



Opportunity Appalachia is supported by funding from:



Appalachian
Regional
Commission



dogwood
health trust



CLAUDE
WORTHINGTON
BENEDUM
FOUNDATION

M&T Bank

What Types of Projects Are Supported?

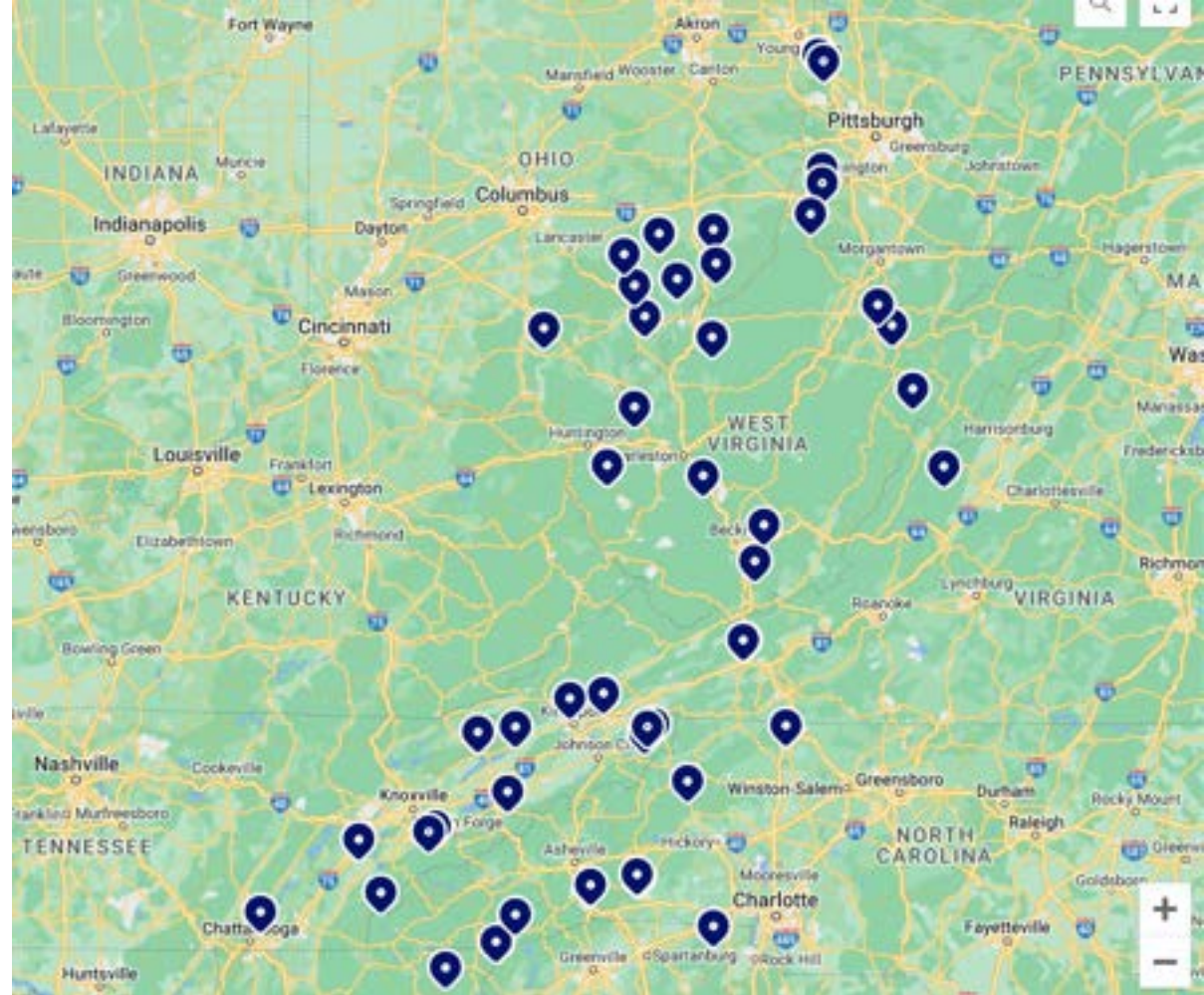
- ❖ Downtown or rural development real estate projects
- ❖ The project is investable, able to be financed

Priorities include:

- Housing
- Downtown development
- Manufacturing
- IT
- Healthcare
- Education
- Food Systems
- Clean Energy
- Heritage Tourism & Recreation

58 Projects Since 2020

- Mixed use: offices, housing, retail, restaurant
- Food system
- Event spaces
- Commercial kitchens
- Outdoor recreation
- Health Centers
- Childcare Centers
- Hospitality



Who Should Apply?

- For-profit Project Sponsors including developers and businesses
- Multi-county regions
- Counties
- Municipalities
- Economic and community development organizations (e.g. Main Street organizations)
- Other non-profit organizations
- Educational institutions

Geographic Eligibility & Priority Communities

All counties in the Appalachian portions of Kentucky, North Carolina, Ohio, Tennessee, Virginia, and West Virginia are eligible, except for ARC-designated Competitive and Attainment counties

One Ineligible County: Jefferson

Prioritized Communities Include:

- ❖ [ARC-designated](#) Distressed and At-Risk areas
- ❖ [Persistent Poverty Communities](#) (where 20% or more of the population is in poverty over the last 30-yr period)
- ❖ Rural communities – [meeting any federal definitions](#)
- ❖ [Federal Opportunity Zones](#) and [New Markets Tax Credit](#) census tracts
- ❖ ARC-designated [Coal Impacted Communities](#) (dependence, impact, or risk)



Types of Technical Support

**Investment
Prospectus**

**Financial
Projections**

**Financial
Structuring**

**Market
Research**

**Architectural &
Engineering**

**Business Plan
Development**

**Developer
Solicitation**

**Investor
Outreach**

Who Provides the Technical Assistance?

Approved TA Providers

- OA has over 100 TA providers approved
- New providers can get approved
- Projects can identify TA providers

Request for Qualifications for any new or identified providers available on OA webpage.

Connecting with Investors

Dedicated
Outreach by:

- Opportunity Appalachia
- TA teams

Investor
Convening With:

- Project Representatives
- TA providers
- Investors

Public Loan Funds & Grantors



Appalachian
Regional
Commission



VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT



WEST
VIRGINIA
Economic Development



NORTH CAROLINA
DEPARTMENT of
COMMERCE

Ohio

Department of
Development



Department of
Economic &
Community Development



CLAUDE
WORTHINGTON
BENEDUM
FOUNDATION



Bank Investors



Goldman
Sachs



MainStreetBank



WOODFOREST
NATIONAL BANK



SERVANT

Other Investor Partners



WEFUNDER



National
INSTITUTE
Economic Development

Klein Hornig LLP
COUNSELORS AT LAW



West Virginia Jobs
Investment Trust

Opportunity Zone Investors

LLSC

CEI

Coastal Enterprises

CHESTNUT
FUNDS

CDFI Partners

KENTUCKY HIGHLANDS
INVESTMENT CORPORATION



locus



Appalachian
GROWTH CAPITAL



fahe
Strength in Numbers



Self-Help

Owneership & Economic Opportunity for All



Helping create communities where people thrive



SOUTH CAROLINA
Community
Loan Fund
Investing in Community

New Market Tax Credit Investors



National Trust Community
Investment Corporation

a subsidiary of the
National Trust for Historic Preservation



The
INNOVATEFUND

Transforming Communities

BRIGHTBRIDGE
CAPITAL

Capital Resources for Business



People inc.

Building Futures, Realizing Dreams™



AMCREF
Community Capital



Requirements

1. **Matching Support Required: \$5,000**
 - a. Funding or in-kind
2. **Pay It Forward: Help Sustain Opportunity Appalachia**
 - a. Projects that successfully close on project financing within three years
 - b. Repay OA the lesser of either:
 - i. The total TA award provided by OA, or
 - ii. 1% of the project's closed financing amount

For Example:

A project's TA cost \$50,000. The project closes on \$1MM in financing in year 2.

This project will repay \$10,000. Generally, rolled in as part of their financial closing.

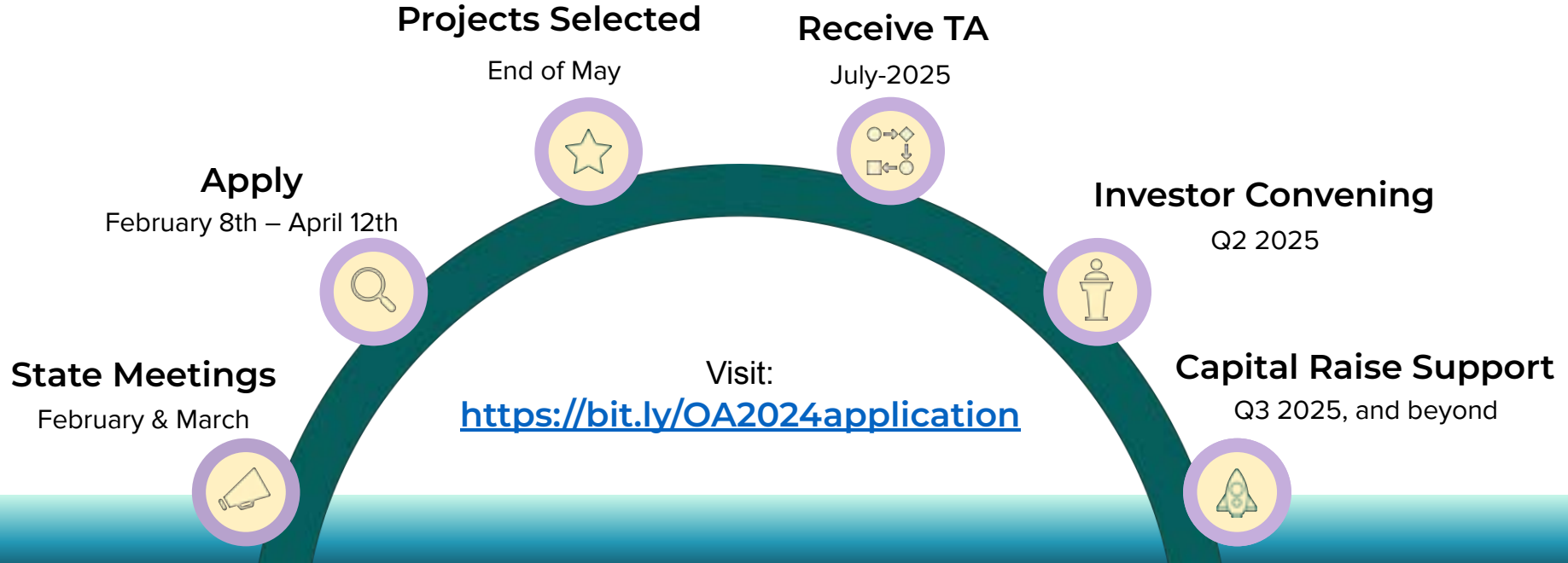
- $\$1\text{MM} \times 1\% = \$10,000$ (is less than \$50k)

What is the Project Selection Criteria?

1. Identified community strategies, engagement
2. Clearly identified project and vision
3. Community impact
4. Capacity & track record
5. Suitability for investment
6. Clear need for TA
7. Clean energy focus

Timeline

Application Deadline: April 12 at 5PM EDT



Application Period:

February 8 – April 12 at 5:00 PM EDT

<https://bit.ly/OA2024application>

Application Questions?
raymond.moeller@mail.wvu.edu



**Stories from the Ground -
Past Project Success**



C  HEN
LLAB 1925

Grafton, WV

Pre-Work Completed

2019

- Duns & Sam Registration
- Sect. 106 Historic Review
- Financial Feasibility Study
- Environmental Study
- Architectural Feasibility Study
- EEO Survey
- Preliminary Structural Study

2020 \$66,500

- Site Survey
- Prelim Architectural Review
- Part II HTC Application
- Phase 1 ESA
- Level 1 Schematics
- Cohen Reznick Contract
- Pre-lease Tenant LOI's

2021 \$52,430

- Schematic Design
- Asbestos Inspection
- Structural Design
- Level 2 Schematics
- Cohen Reznick Contract
- Phase 1 Refresh
- QALICB Counsel
- Architectural Renderings
- CRA Certification Achieved

2022 \$65,310.00

- Phase 1 Refresh
- Term Sheets from Investors
- Term Sheets from Lenders
- Onboarded Marketing Agency
- Updated LOIs
- Agreed on GMP

2023-2024 \$174,110.09

Total Spent: \$358,350.09

- STARTED TO CLOSE
- Construction budget came in \$2.2 mil over
- Cancelled Closing
- Offboarded Architect & Contractor
- Hired new architect
- Rescoped Project
- New Drawings Complete

UNLEASH TYGART



Heather Hudson
Executive Director

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UnleashTygart.org

PROPOSED REVITALIZATION OF 820 MARKET STREET

PREVIOUS ODD FELLOWS
LODGE IN DOWNTOWN
PARKERSBURG

I. O. O. F. Building, Parkersburg, W. Va.



Full renovation of the 34,560 square foot building into a modern mixed-used commercial building: 8,000 square feet of retail/office space, 24 market-rate apartments, and 25-40 storage units, conveniently located in the Parkersburg central business district.

Transform a woefully underutilized property in the center of the city into a tax-generating property that will both expand the metro area's housing stock and spur investment throughout the neighborhood.



**820 MARKET STREET
REVITALIZATION PROJECT
SUMMARY**

This project has the potential to ‘prove the market’ for downtown housing, and therefore catalyze millions of dollars of additional private investment into Parkersburg’s downtown and beyond.

**AMANDA STEVENS
EXECUTIVE DIRECTOR,
DOWNTOWN PKB**

amanda@downtownpkb.com

304-865-0522



A photograph of a large, multi-story brick building, identified as the former Staats Hospital West Charleston. The building features a prominent central arched entrance with columns and a decorative pediment. The ground floor is partially obscured by a blue construction barrier and white protective sheeting. The upper floors have numerous windows, some of which are reflecting the sky. The building is situated on a city street with other brick buildings visible on the left and right. A white SUV and a white sedan are parked on the street in front of the building. A stop sign and a 'No Left Turn' sign are visible on the right side of the street. The sky is overcast.

FORMER STAATS HOSPITAL WEST CHARLESTON

Tighe Bullock, Owner - Developer

FORMER STAATS HOSPITAL WEST CHARLESTON

\$5.5M Capex

50 FTE jobs during construction

70 FTE jobs after construction completed

40,000 sq. ft.

9 years to develop the plan

3.9M loan through the NMTC program

2.5M in HTC credits

FORMER STAATS HOSPITAL
WEST CHARLESTON

Tighe Bullock

tighe.bullock@gmail.com

304-553-6343



Woodlands
Development & Lending

Tygart Hotel Redevelopment

Downtown Elkins

woodlandswv.org



TYGART HOTEL

Downtown Elkins

\$18.4 MILLION - TOTAL PROJECT COST

Financing Stack Sources

- New Markets Tax Credits
- Historic Tax Credits
- Local community banks investment
- Partner Community Capital
- Virginia Community Development Fund
- Fahe – Community Lending Program
- WV Economic Development Authority
- Invest Appalachia
- Tourism Tax Credits
- Congressionally Directed Spending Request – earmark
- +many sources of predevelopment assistance (USDA-REAP, EPA, DEP, SHPO, NBAC, OA, etc.)





TYGART HOTEL

Downtown Elkins



Emily Wilson

Director of Partnerships & Programs

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A scenic view of a city skyline at dusk. In the foreground, a river flows, reflecting the city lights. A large, multi-story brick building with many windows is prominent in the center. To its right is a modern glass skyscraper. The sky is a mix of blue and orange, suggesting sunset. The overall scene is a mix of old and new architecture.

Lunch & Staats Hospital Tour



**Nuts & Bolts of
Developing Your Project**

The Development Process

Opportunity Appalachia WV Information Session

Feb. 15, 2024

Truist Presenter: Marlo Long, SVP-Community Development Manager



Purpose

Inspire and build better lives and communities

Mission

Clients

Provide distinctive, secure, and successful client experiences through touch and technology.

Teammates

Create an inclusive and energizing environment that empowers teammates to learn, grow, and have meaningful careers.

Stakeholders

Optimize long-term value for stakeholders through safe, sound, and ethical practices.

Values



Trustworthy

We serve with integrity.



Caring

Everyone and every moment matters.



One Team

Together, we can accomplish anything.



Success

When our clients win, we all win.



Happiness

Positive energy changes lives.

Real Estate Development Overview

- Real estate development is a multi-step process that is complicated, lengthy and risky.
- It can take years to bring a project from the initial planning stage through construction to final completion, and there are plenty of obstacles that can pop up along the way.
- Projects often revisit their original concepts, adjust, and execute a different strategy when needed.



Three Stages of Development Process

Pre-Development

- Because this stage is the riskiest, pre-development work is usually financed by the project sponsor or a source of equity.

Construction

- Because the pre-development items have been completed, the project risks at this stage are reduced but not eliminated.
- The project typically is financed at this stage by the sponsor, outside investors, and a short-term construction loan

Operational

- The final stage of the development process, operation, is the first stage of the building's life.
- While the pre-development and construction risks may be removed by this point, the major risk is leasing the space sufficient enough to cash flow the longer-term debt permanent debt.

Risk Assessment: Project Type and Stage of Development

The project type and stage of development are two considerations when assessing risk.

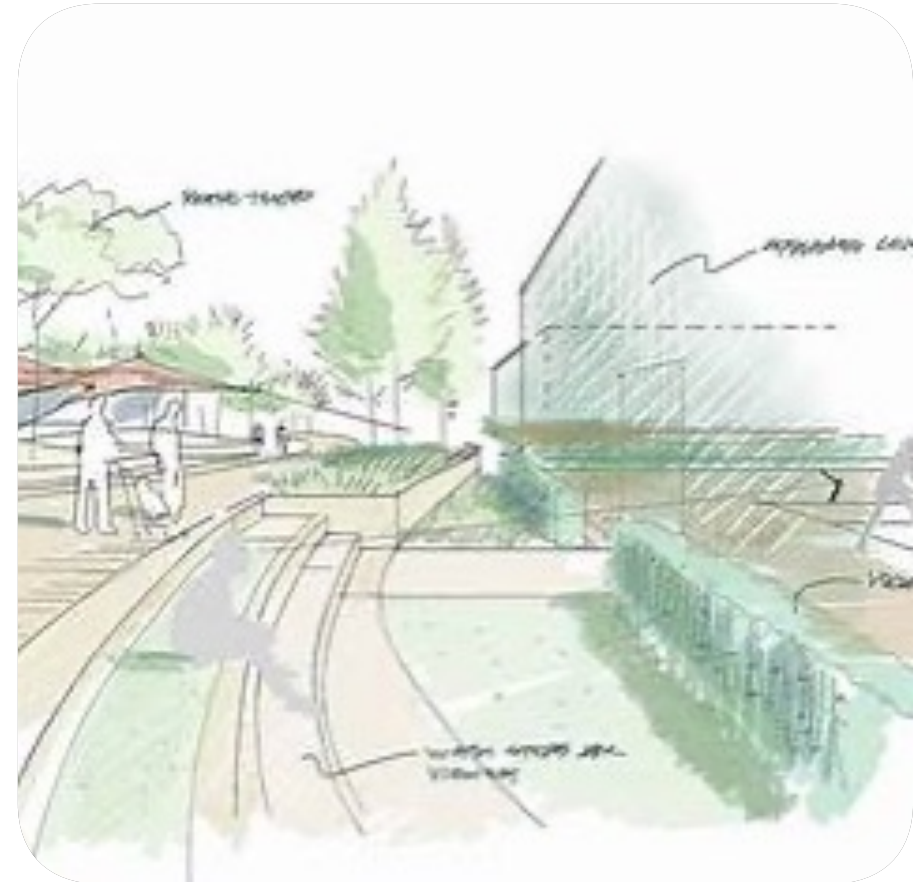
Risk	Project Type	Tenant Type	Construction	Leasing
Low	Build-to-Suit	Retail (i.e. Wendy's, CVS)	Buildings are fairly uniform	Long-term credit tenant is already identified and under lease
High	Speculative or 'Spec'	Industrial or office	Project design is specialized or complex	Few or no leasing commitments before starting construction

- 1. Lower Risk Example:** relatively low risk across all stages is a retail “build-to-suit” project. In a retail build-to-suit, a developer secures a long-term credit tenant, such as a Wendy’s or CVS, and develops a property to suit that tenant. For these types of projects, construction risk is low because the buildings are fairly uniform, and leasing risk is low because the tenant is already identified and under lease.
- 2. Higher Risk Example:** relatively high risk across all stages is called a “speculative” or “spec” project. In a spec industrial or office project, a developer may have few or no leasing commitments before starting construction. The developer puts their faith in the marketing study showing demand for the space. For speculative projects, the leasing risk is high because there are no identified tenants at the beginning, the construction risk can be high if the project design is specialized or complex, and the pre-development risk can be high if financing is difficult to obtain.

Pre-Development Stage

Common activities:

- Market analysis and feasibility studies
- Land acquisition or securing option rights to purchase land
- Environmental assessments
- Surveys
- Site plans, development plans, and building plans
- Permitting
- Some infrastructure improvements
- Arranging construction financing



Construction Stage

Common activities:

- Vertical construction
- Project marketing
- Drawing on construction financing
- Pre-leasing
- Arranging permanent financing (if not done during pre-development)
- Arranging for the property manager (if not done during pre-development)

The certificate of occupancy generally marks the end of the construction phase and allows for the commencement of property operations. Like the building permit, it is based upon objective criteria regarding construction quality and is a fairly administrative process.



Operational Stage

Common activities:

- Ongoing marketing and leasing
- Finding a buyer, if not done earlier
- Determining a hold strategy, if not selling
- Ramping up property management
- Achieving stabilization



The project is typically financed at this stage with construction financing or another round of short-term “bridge” financing until the project reaches a threshold called “stabilization,” which is typically defined as a certain occupancy level (perhaps 90% or better) for a certain duration (perhaps three consecutive months).

Upon stabilization, “permanent” or long-term financing can be obtained and used to take out construction financing.



To inspire and build better lives
and communities



Staats Building

CHARLESTON, WEST VIRGINIA

The Investment Opportunity

NAME AND LOCATION:

STAATS BUILDING

**303 Washington Street West
Charleston, West Virginia**

OWNER AND DEVELOPER:

CRAWFORD HOLDINGS LLC

The Staats building, a contributing structure in Charleston, West Virginia's Elk City National Register historic district, is seeking an equity investment to support development of 16 market rate residential units and 10,000 square feet of ground floor commercial space.



The Market Demand

- Market rate rental occupancy rates are 96%-99%
- There is a demonstrated demand for 322 market rate housing units
- High demand for small retail space in Elk City Historic District

RENTAL HOUSING GAP ESTIMATES (2020 - 2025)

Percent of Area Median	81% - 120%	121%+
Household Income Range	\$39,000 - \$59,999	\$60,000+
Housing Rent Range	\$875 - \$1,350	\$1,351+
Overall Units Needed Downtown	213	109



About ZMM



60 Person A/E Firm with Office in Charleston, Blacksburg, and Martinsburg
Extensive Renovation, Rehabilitation, and Adaptive Reuse Portfolio

Services on Staats Hospital Project:

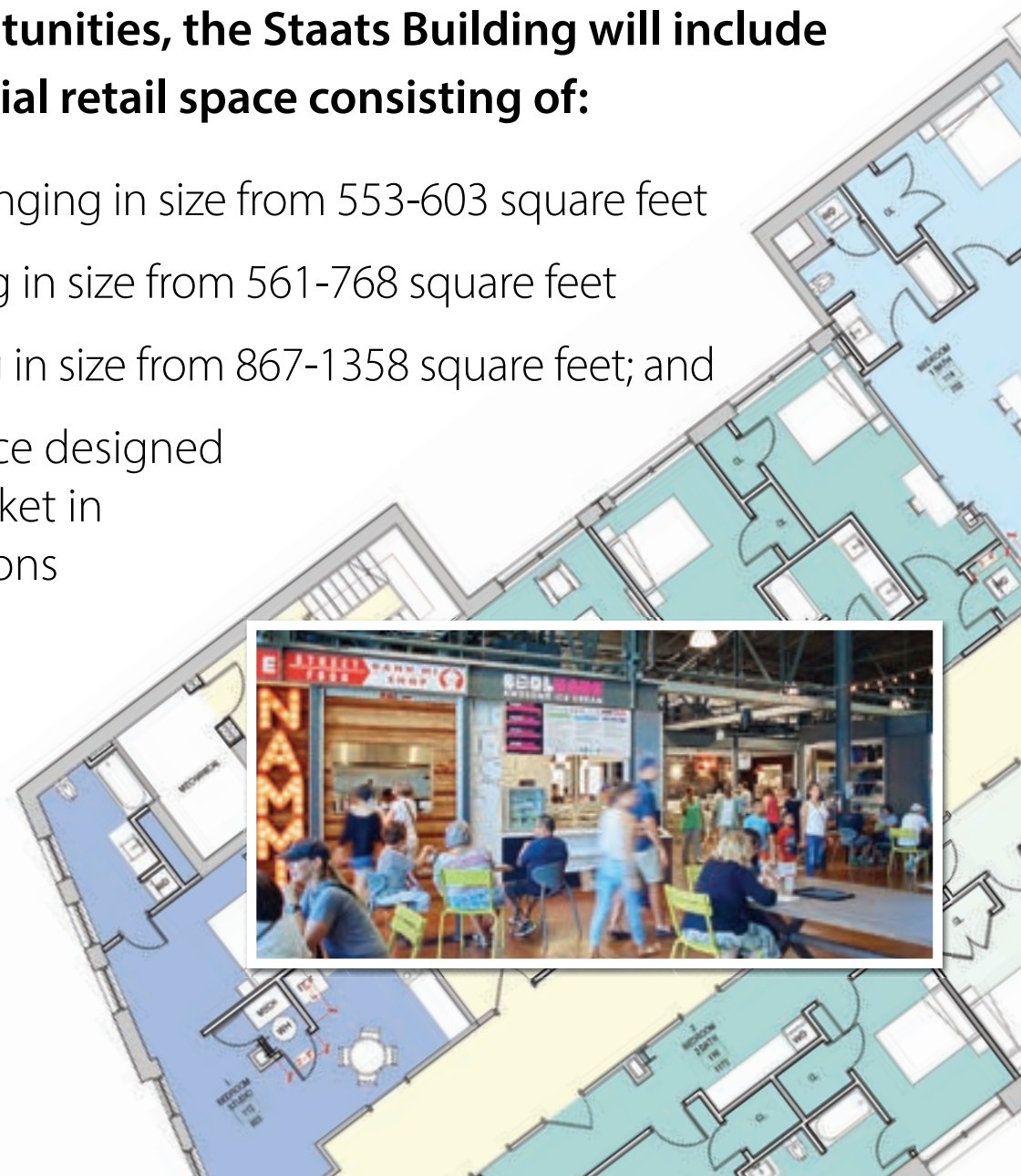
- Confirm/Produce As-Built Drawings
- Update Engineering Assessment for Proposed Use (Mixed-Use Retail/Housing)
- Test Wood Framing Members to Establish Floor Loading Capability
- Develop Conceptual Floor Plans for Each Level
- Develop a Preliminary (Cost/SF) Estimate of Proposed Improvements



The Vision

In response to these market opportunities, the Staats Building will include market rate housing and commercial retail space consisting of:

- Two (2) one-bedroom studio units ranging in size from 553-603 square feet
- Seven (7) one-bedroom units ranging in size from 561-768 square feet
- Seven (7) two-bedroom units ranging in size from 867-1358 square feet; and
- 10,200 square feet of retail kiosk space designed to be the second largest indoor market in Charleston featuring fresh food options and local artisan wares.
- Parking to support the project is provided by a 12,000 square foot parking lot that will accommodate 28 parking spaces with 50 on street parking spaces.



Charleston

THE CAPITOL CITY

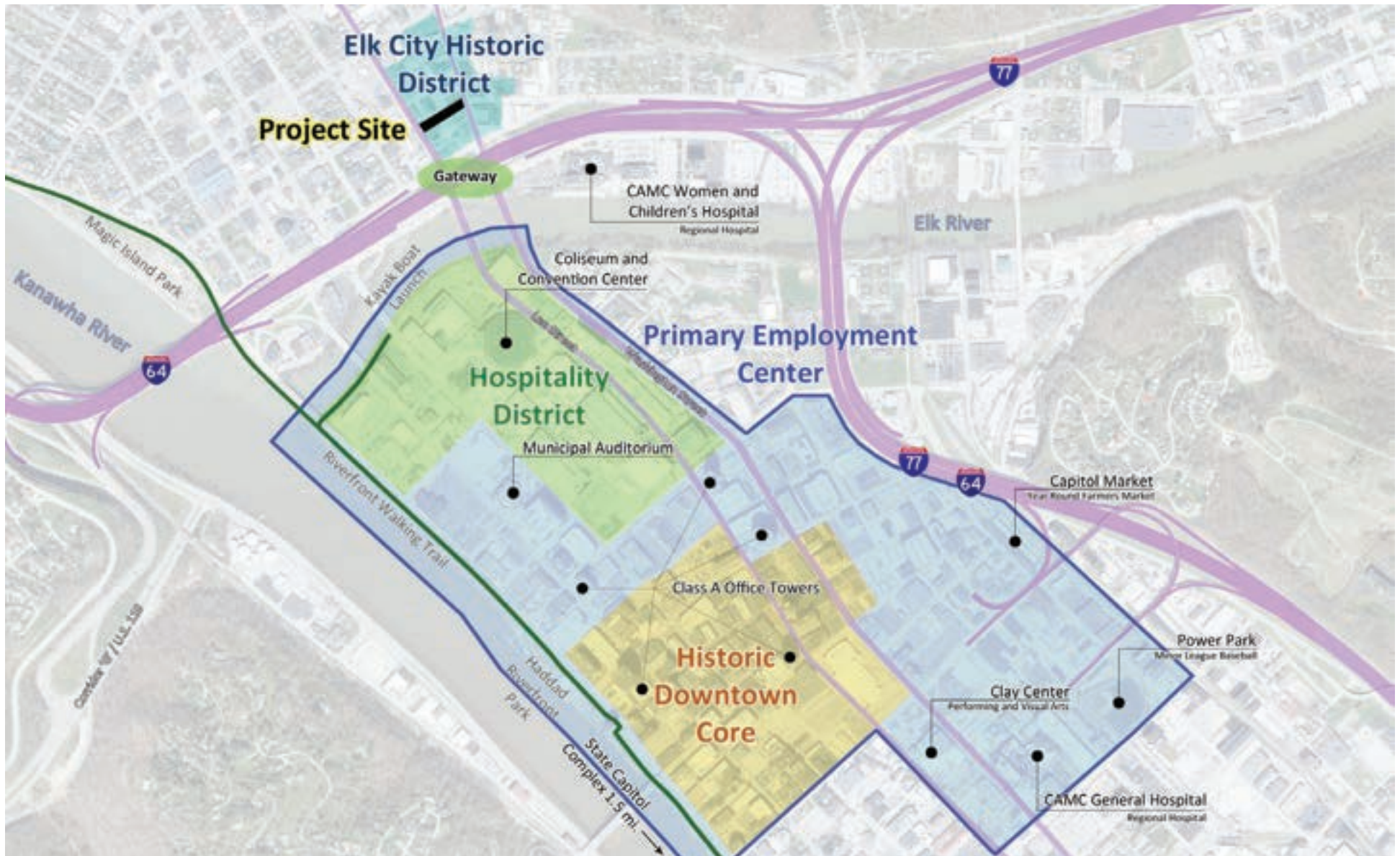
With a MSA population of 209,000, Charleston is West Virginia's capitol city and the seat of state and local government. The largest five employment industry sectors include:

- Government (24,000)
- Education and Healthcare (21,000)
- Trade and Retail (17,000)
- Professional and Business Services (14,000)
- Leisure and Hospitality (10,000)



Over 47,000 people commute into the City of Charleston on a daily basis.

Project Location



Project Area

The project is in close proximity to:

- The convergence of three interstate highways with total daily traffic counts of 95,000
- \$100 million renovated Coliseum and Convention Center,
- 1,700 downtown hotel rooms,
- 1 million square feet of commercial office space,
- 31,000 downtown employees
- specialty retail shops and restaurants.



Elk City Historic District

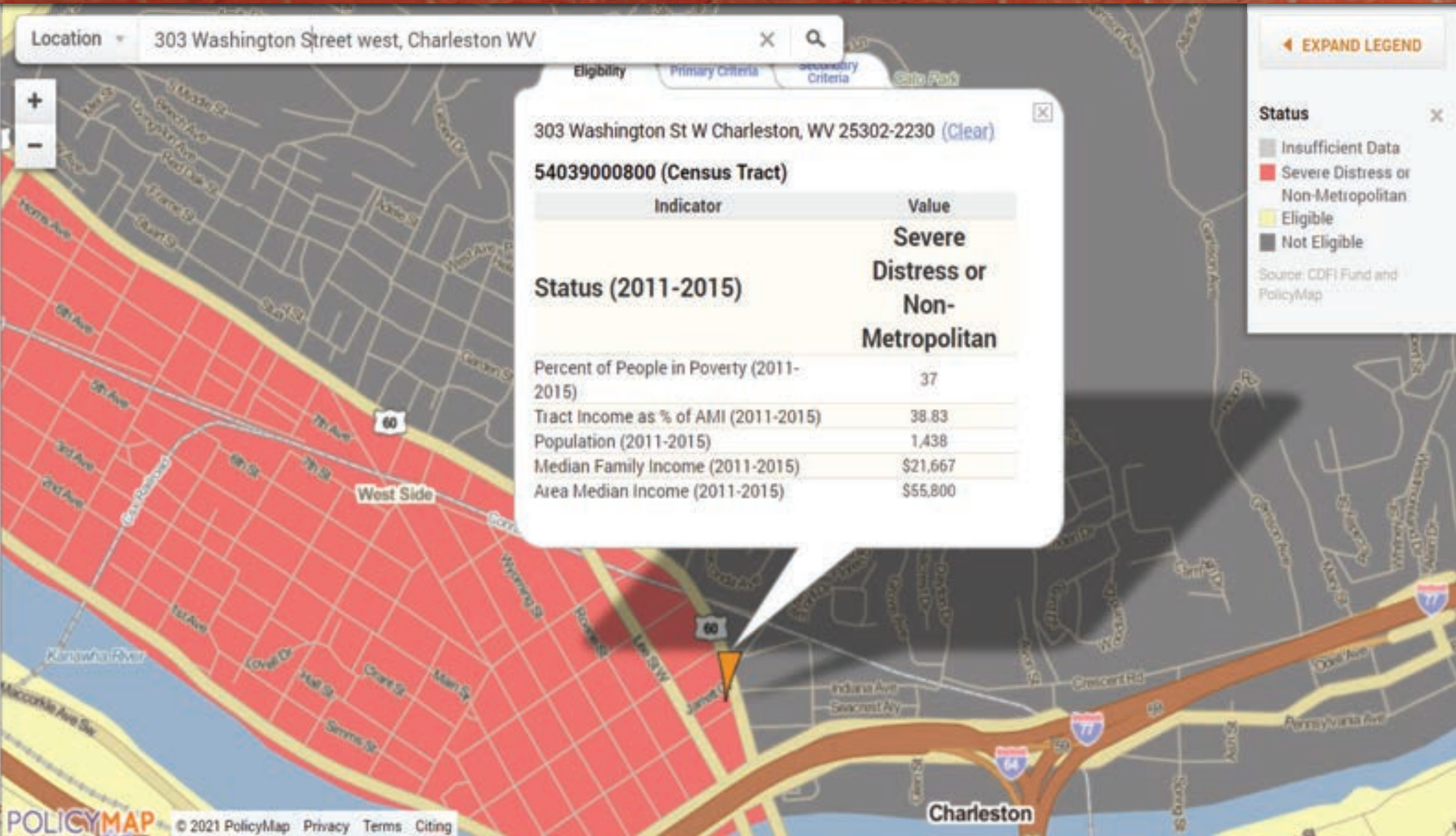


The Elk City Historic District is considered one of the city's most sought after locations for small business development, and eating and drinking establishments.



Project Location

Severely Distressed Qualified Census Tract



Community Impact

The redevelopment of the Staats Building will have a catalytic impact on this low income community. It will:

- Create the only market rate rental housing development in this Census tract
- Create up to 40 temporary construction jobs at an average annual wage of \$60,000
- Create 30 full time jobs at an average annual wage of \$30,000
- Contribute over \$90,000 per year in annual state, county, and municipal taxes
- Save a building that was placed on a list of West Virginia's most endangered historic properties, and if demolished, will likely cause the entire district to lose its historic district status thereby eliminating an important investment incentive



Financials: Sources & Uses of Funds

USES OF FUNDS		\$	%	/SF
Total Budget		\$6,622,075	100%	\$200
SOURCES OF FUNDS w OZ FUND INVESTOR		\$	%	
Developer Equity		\$100,000	2%	
Commercial Bank Debt	65% LTV	\$2,320,292	35%	
Subordinated Debt (CDFI)	20% LTV	\$713,936	11%	
Federal Historic Tax Credit (HTC) Equity		\$1,033,194	16%	
State Historic Tax Credit (HTC) Equity		\$1,163,937	18%	
Deferred Developer Fee	66.00%	\$521,693	8%	
OZ Fund Equity		\$769,022	12%	
TOTAL		\$6,622,075	100%	
SOURCES OF FUNDS W New Markets Tax Credits				
Developer Equity		\$100,000	2%	
Commercial Bank Debt	65% LTV	\$2,320,292	35%	
Subordinated Debt (CDFI)	25% LTV	\$892,420	13%	
Federal Historic Tax Credit (HTC) Equity		\$1,033,194	16%	
State Historic Tax Credit (HTC) Equity		\$1,163,937	18%	
Deferred Developer Fee		\$181,011	3%	
NMTC Gross Investment		\$1,443,392	22%	
NMTC Load, Fees, and Transaction Costs		(\$512,172)	-8%	
TOTAL		\$6,622,075	100%	

Financials:


Stabilized Operating Pro Forma

OPERATING PRO FORMA		\$	Comment
Main Commercial Income		\$95,205	\$15 /SF
Back of House Commercial Income		\$49,901	\$13 /SF
Tenant Contributions		\$20,298	\$2 /SF
Residential Income		\$222,300	\$1,158 avg unit rent
Other		\$23,520	storage and parking
Gross Income		\$411,224	
Commercial Vacancy	15.00%	(\$24,811)	
Residential Vacancy	5.00%	(\$12,291)	
Effective Gross Income		\$374,123	
Commercial Operating Expenses		(\$50,745)	\$5 /SF
Residential Operating Expenses		(\$64,000)	\$3,200 /unit annually
RE Taxes		(\$9,500)	
Net Operating Income		\$249,878	
Debt Service #1	4.50%	(\$141,079)	
Debt Service #2	6.00%	(\$51,365)	
Cash Flow		\$57,434	

Financials: Investor Returns

NEEDED INVESTORS AND RETURN SUMMARIES

	Investment Term	ROI/IRR%
Federal Historic Tax Credit Investor	5	10%
<u>AND</u>		
Opportunity Zone (OZ) Fund	10	8%
<u>OR</u> Community Development Entity (CDE) and NMTC Investor	7	6%

Source:  National Development Council



West Virginia OZ Incentives



The State of West Virginia allows any new business created in an Opportunity Zone to be exempt from corporate and personal income tax for 10 years so long as the business is created before the year 2024.

Developer Team

Crawford Holdings is led by Tighe Bullock and John Bullock.

Tighe Bullock has established a reputation as a successful redeveloper of vacant and abandoned properties across West Virginia. He is both an accountant and licensed lawyer with extensive experience placing federal and state historic tax credits; and a licensed commercial contractor.

John C. Bullock, P.E. & C.P.G., is President and Chief Executive Officer of Gaddy Engineering Company. As President, Mr. Bullock manages the geological engineering and financial analysis services of the firm.

Over the past five years, Crawford Holdings has invested \$15,000,000 in the Elk City Historic District resulting in 14 new businesses and the creation of 80+ jobs. They have the demonstrated commitment and track record to bring this project to fruition.



**CRAWFORD
HOLDINGS**



Mr. Tighe Bullock

Crawford Holdings LLC

Tighe.bullock@gmail.com

(304) 553-6343

An aerial photograph of a city, likely Pittsburgh, showing a river with several bridges, including a prominent arch bridge. The city is built on a hillside, with numerous multi-story buildings and parking lots. The background shows rolling green hills under a clear blue sky.

Elements of a Successful Application



Questions?

Now What?



**OPPORTUNITY APPALACHIA APPLICATION
DEADLINE: APRIL 12TH AT 5:00 PM**

<https://appalachiancommunitycapitalcdfi.org/opportunity-appalachia-form/>



**FOLLOW-UP WEBINAR
MARCH 14TH FROM 10-11:30 AM**

<https://wvu.zoom.us/meeting/register/tJAvfU-srzstH9MMGMo8Jcma-cBjXCku0Cc>



REACH OUT TO RAY!

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