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
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:
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
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.

- $1MM x 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

Projects Selected
End of May

Receive TA
July-2025

Apply
February 8th – April 12th

Projects Selected
End of May

Receive TA
July-2025

Investor Convening
Q2 2025

Capital Raise Support
Q3 2025, and beyond

State Meetings
February & March

Visit:
Application Period:

February 8 – April 12 at 5:00 PM EDT


Application Questions?
raymond.moeller@mail.wvu.edu
Stories from the Ground - Past Project Success
Pre-Work Completed

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-Work Completed</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Total Spent: $358,350.09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>$66,500</td>
<td>$52,430</td>
<td>$65,310.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Duns &amp; Sam Registration</td>
<td>Sect. 106 Historic Review</td>
<td>Financial Feasibility Study</td>
<td>Environmental Study</td>
<td>Architectural Feasibility Study</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2019</td>
</tr>
</tbody>
</table>
Heather Hudson
Executive Director
304-439-1997
Heather@UnleashTygart.org
UnleashTygart.org
PROPOSED REVITALIZATION OF 820 MARKET STREET

PREVIOUS ODD FELLOWS LODGE IN DOWNTOWN PARKERSBURG
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.

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
FORMER STAATS HOSPITAL WEST CHARLESTON

Tighe Bullock, Owner - Developer
$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
Tygart Hotel Redevelopment
Downtown Elkins

Woodlands
Development & Lending

woodlandswv.org
$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.)
Emily Wilson
Director of Partnerships & Programs
emily@woodlandswv.org
717.503.6332
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 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.

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

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)

<table>
<thead>
<tr>
<th>Percent of Area Median</th>
<th>81% - 120%</th>
<th>121%+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Income Range</td>
<td>$39,000 - $59,999</td>
<td>$60,000+</td>
</tr>
<tr>
<td>Housing Rent Range</td>
<td>$875 - $1,350</td>
<td>$1,351+</td>
</tr>
<tr>
<td>Overall Units Needed Downtown</td>
<td>213</td>
<td>109</td>
</tr>
</tbody>
</table>
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.
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

303 Washington Street West, Charleston WV 25302-2230

54039000800 (Census Tract)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status (2011-2015)</td>
<td>Severe Distress or Non-Metropolitan</td>
</tr>
<tr>
<td>Percent of People in Poverty (2011-2015)</td>
<td>37</td>
</tr>
<tr>
<td>Tract Income as % of AMI (2011-2015)</td>
<td>38.83</td>
</tr>
<tr>
<td>Population (2011-2015)</td>
<td>1,438</td>
</tr>
<tr>
<td>Median Family Income (2011-2015)</td>
<td>$21,667</td>
</tr>
<tr>
<td>Area Median Income (2011-2015)</td>
<td>$55,800</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Total Budget</th>
<th>$6,622,075</th>
<th>% 100%</th>
<th>/SF $200</th>
</tr>
</thead>
</table>

### SOURCES OF FUNDS w OZ FUND INVESTOR

<table>
<thead>
<tr>
<th>Sources</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer Equity</td>
<td>$100,000</td>
<td>2%</td>
</tr>
<tr>
<td>Commercial Bank Debt</td>
<td>$2,320,292</td>
<td>35%</td>
</tr>
<tr>
<td>Subordinated Debt (CDFI)</td>
<td>$713,936</td>
<td>11%</td>
</tr>
<tr>
<td>Federal Historic Tax Credit (HTC) Equity</td>
<td>$1,033,194</td>
<td>16%</td>
</tr>
<tr>
<td>State Historic Tax Credit (HTC) Equity</td>
<td>$1,163,937</td>
<td>18%</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$521,693</td>
<td>8%</td>
</tr>
<tr>
<td><strong>OZ Fund Equity</strong></td>
<td>$769,022</td>
<td>12%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$6,622,075</td>
<td>100%</td>
</tr>
</tbody>
</table>

### SOURCES OF FUNDS w New Markets Tax Credits

<table>
<thead>
<tr>
<th>Sources</th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>Subordinated Debt (CDFI)</td>
<td>$892,420</td>
<td>13%</td>
</tr>
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<td>Federal Historic Tax Credit (HTC) Equity</td>
<td>$1,033,194</td>
<td>16%</td>
</tr>
<tr>
<td>State Historic Tax Credit (HTC) Equity</td>
<td>$1,163,937</td>
<td>18%</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$181,011</td>
<td>3%</td>
</tr>
<tr>
<td><strong>NMTC Gross Investment</strong></td>
<td>$1,443,392</td>
<td>22%</td>
</tr>
<tr>
<td><strong>NMTC Load, Fees, and Transaction Costs</strong></td>
<td>($512,172)</td>
<td>-8%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$6,622,075</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: National Development Council
# Financials: Stabilized Operating Pro Forma

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

Source: National Development Council
# Financials: Investor Returns

<table>
<thead>
<tr>
<th>Needed Investors and Return Summaries</th>
<th>Investment Term</th>
<th>ROI/IRR%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Historic Tax Credit Investor</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Opportunity Zone (OZ) Fund</td>
<td>10</td>
<td>8%</td>
</tr>
<tr>
<td><strong>OR</strong> Community Development Entity (CDE) and NMTC Investor</td>
<td>7</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: National Development Council
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.
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.
Mr. Tighe Bullock
Crawford Holdings LLC
Tighe.bullock@gmail.com
(304) 553-6343
Elements of a Successful Application
Now What?

OPPORTUNITY APPALACHIA APPLICATION
DEADLINE: APRIL 12TH AT 5:00 PM
https://appalachiancommunitycapitalcdfi.org/opportunity-appalachiia-form/

FOLLOW-UP WEBINAR
MARCH 14TH FROM 10-11:30 AM
https://wvu.zoom.us/meeting/register/tJAvfu-srzstH9MMGMo8Jcma__cBjXCku0Cc

REACH OUT TO RAY!
raymond.moeller@mail.wvu.edu
269-719-0504