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## **Remarks for Funding Strategies for Historic Building Preservation Projects**

Presented by the NH Community Development Finance Authority and NH Preservation Alliance

**Speaker: Christopher W. Closs**

**Topic: Organizational Capacity - Strategic Planning - Business Models -  
and Partnerships: Preparing for a Community Historic Building  
Project**

### **General Introductory Remarks and Outline:**

1. **Subject** today is differentiated from the Program held previously on February 20<sup>th</sup>, and the fundamental elements required for large-scale, commercial historic building projects – but there are still certain parallels.

Will discuss elements needed to attain a suitable “State of Readiness” in preparation for undertaking community-focused projects like (recent NH examples)....

- Former Town Halls (Chester, Sunapee), Grange (Milton), Churches-without-congregations (Epsom, Northwood), Fraternal Halls (OFB in Warner), or former residential buildings (future SAU office in Sunapee), or barns (Gilmanton Library; Hollis Community Center)

where the challenge – and need – are for continued community use but in a different capacity from intended original building designs, or intensity of use, which could include irregular hours of operation, absence of property tax pressure driving cash flow requirements; a diverse public user base; municipal financial support for operations/maintenance and staffed by volunteers.

2. **4 Elements** which constitute that initial “ State of Readiness”

### **Organizational Capacity - Strategic Planning - Business Models - and Partnerships**

- Community Historic Building Preservation Projects – require sound Vision & experienced Leadership foremost
- Not identical to commercial development projects which may require sophisticated projections of traffic and population counts, the ideal retail mix, pedestrian pathway patterns, regional competition factors, lunchtime and weekend sidewalk pedestrian counts, state of the art signage and lighting; detailed energy-usage pro-forma, etc. – but different issues
- Because they may differ in purpose, scale, financing, operational characteristics and hours of usage – and probably will not be dependent upon market success – in the conventional cash flow sense – to succeed and remain sustainable. In this respect, community preservation projects may differ at project inception in several distinct ways:
- Financial Support (Endowment, Town Trust Fund, Private Benefactor, other combinations)

- Ownership (Municipal; 501© (3) Charitable Org) **ASK FOR SHOW OF HANDS – EACH TYPE**
- But there are strong parallels – FOCUS of this discussion

### 3. CAVEAT: Economic Profile of most small town and rural communities:

- Subsidy prone nature of development in former industrial towns and small communities of NNE after 1920 – in some cases earlier - where local commercial & industrial economy declined and metamorphosed into bedroom or service economy– so it is likely you will have to look beyond the community for development subsidies for the property (state, federal and philanthropic sources).
- Costs of operation and maintenance will in virtually every circumstance be borne by the local community, either through interest from endowment, annual town trust fund or town operating budget allocations, ongoing fundraising activities, and just as likely, a combination of the above.
- Very important not to ignore operational and particularly future maintenance costs when beginning to plan your project (cite: Gilmanton Library Project; and Slusser Senior Center in Contoocook, where the project facility costs were gifted to the town but endowment for future maintenance was not included in evaluating the gift)

### 4. Organizational Capacity

- Models: Special Town Committee (Economic Development Commission or Main Street org); Local Historical Society; 501©(3) (example: Robie's Country Store Historic Preservation Corp, Hooksett, NH)
- Leadership Board of Directors or Steering Committee – selecting/drafting the RIGHT leaders for the task, is critical. Qualities needed: Vision; Ability to inspire/lead others; Commitment to get the job completed; Well known/universally respected; effective “Networker,” Projects project feasibility and assured success
- Mission (Realistic, Attainable, Inclusive, Confer Broad Benefits through Use Plan, Synergistic with other local organizations) Think: Broadly Based support
- Collaboration (Seek advice of experts up front to avoid costly mistakes; legal, financial, fundraising, preservation planning); research other project examples to inform the Committee regarding successful approaches; pitfalls
- Operational Capitalization (Don’t underestimate; Seek seed funding to assure sufficient capacity for an adequate period of time; Contingency funds of 20% is not excessive
- Goals and Objectives of the Project Clear, concise, sequential, realistically attainable with available resources. (Repositioning the building to facilitate transition of use & create higher public visibility – Listing in NH state and National Register of Historic Places is often a preferred and effective, first step, paving the way for future fundraising, and adding assurance that the historical integrity of the property will be respected and maintained in future design work)
- Communications – maintain consistently with community leaders, abutters, neighboring businesses; prospective funders (locally and afar); cultivate “summer people;” research the history of the property and the families associated with it over time – use this information to help construct your prospective donors list. Issue invitations to descendents of these families on Old Home Day or other major community events, to get these people involved with their heritage through your project

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## 5. Strategic Planning

- **Vision** – the beginning point of any project – examine in depth with various groups, town officials, potential funding sponsors. Refine your ideas before proceeding prematurely. The Steering Committee must be able to articulate the Vision clearly, simply, and inclusively
- **Organization's Goals and Objectives** Clear, realistic; Assigned to whom? Accountability
- **Local Conformance** with local Master Plan, Zoning (Allowed Use and Density Req.); Parking Req.; Sub-Division Regs (if necessary) Historic District Regs, RSA 79-E District, CBSD, BIDs or TIF districts
- **Adequacy of Infrastructure** (utilities, vehicle access/parking; ADA)
- **Designation in the NH State and NR Historic Places** (frequently recommended if designation is not already in place; designation on the National Register can often yield exemptions from flood plain regulations, and more flexible treatment or relief from fire code and ADA measures)
- **Conformance with State and Federal Regulations (if applicable)** Stormwater management with DES and DOT; conformance with RSA 227: C. 9, 22-24 and Section 106 of National Historic Preservation Act of 1966 (as amended)
- **Feasibility** (projected market and users; architectural & engineering costs; suitability of the building to accommodate the planned use (if too difficult/costly to achieve, you may want to look at alternate properties, or consider an appropriate addition); operations & maintenance; plan for capital development and on-going financial support). Don't ignore Contingency Cost Planning – 20% is not unusual in historic building projects.
- **Business Plan** If building is already owned, and is/can be listed in the National Register of HP, consider selling the development rights via a conservation and/or preservation easement early in the process to provide funds to augment for Operating Capital. or Endowment or Capital Reserve Fund for perpetual maintenance. (Cite: Portsmouth African Church example to be provided later in the day by Jennifer Goodman) Preservation easements can encumber either the exterior or interior – or both. Enlist the support of a preservation planning professional to help guide you in making this evaluation.
  - Avoid the pitfall of linking the preservation of the building inextricably with the future use of the building – can be solved through combination of preservation easement, leasing, sale/leasebacks, or finding a development entity to implement the project (if it's a mixed use project) if your organization does not have the capacity to take the project all the way through to completion
- **Measuring Success** – Track project performance over time and publicize success, through Annual Report, media, meetings, etc. Will help sustain the organization's credibility
  - Won't cover all of the features you would need in a business plan suitable for negotiating a mortgage – but you should observe basics of:

- 1) **Project Purpose:** Designating future use for the property (or the more limited goal of assuring the preservation of the building while partnering or helping to plan the use development to others)
- 2) **Funding** (Capitalizing project development; sources and uses for planning, design, and implementation)
- 3) **Financing** (Construction financing; permanent financing: Types of sources: commercial lenders; gifts; grants; bonding; other/combination of...)
- 4) **Development Model** (sole entity as owner/developer); partnership; 501© corp.; or S Corp; Cooperative; other
- 5) **Management, Operations and Maintenance** – Plans, Schedules, Cash Flow (or proceeds from Endowment for maintenance)
- 6) **Time Frame** Map out key thresholds in Board and Project performance; deadlines

## 6. **Business Models**

- Historic Harrisville, Inc  
 -Public, non-profit foundation HHI - Mission to preserve village as a place for residents to live and work  
 -NHL (1977)  
 -Employ a strategy of preservation easements on the mills; purchase in fee simple of six core; covenants to protect/ensure continued housing; management structure to market, lease and occupy building with businesses to generate sufficient income to maintain the buildings  
 - First “Operating Plan” 1971; revised 1986, confirming 5 goals  
 - Board of Trustees (20); Incorporators (over 400)
- Sunapee Harborway – c. 1990 – 1995 For-profit community development entity which employed, two, successive \$1 M public stock subscriptions to acquire 5 lakefront commercial properties being held by the bank in foreclosure; implemented the planning and design needed for future commercial viability for the Harbor area; and successfully renovated & returned the properties to the tax rolls
- Country Store Model c. late 1990s Variations on the “community investment model” implement around the State of NH and in VT, combining a combination private, municipal and public funds to re-position the “General Store” in nearly a dozen communities, where the community valued the “social capital” value and convenience of this business type sufficiently to organize and re-structure both ownership, marketing and use/services to maintain future commercial viability. Examples: Canterbury, Sandwich, Hooksett (Robie’s), Harrisville, Tamworth

## 7. **Community Partnerships**

Instrumental in current environment where single party or entity may not have the capacity to undertake/implement the project. Also increases / broadens base of support. Can also provide significant leverage for funds not accessible to the entities individually.

- Examples:
- Public-Private; (Municipal and Non-Profit; or Non-Profit
- Private-Private collaboration (Non-Profit with Non-Profit; Non-Profit with For-Profit; other players in variants of these combinations may include: Cooperatives; Partnerships