

January, 2010

Howey Houses LLC

Main Street Wooster, Inc. is a private not-for-profit organization, 501(c)(3), incorporated in June, 1985 for the purpose of the preservation and economic development of downtown Wooster. The mission of the organization is to enhance the community of Wooster by improving the quality of its downtown business and living environment through planning, organization, design, promotion and economic development.

"Downtown Wooster is the cornerstone of the community dedicated to the development of public/private partnerships, maintenance of small town tradition, development of specialized retail, professional, and governmental businesses/offices, and celebration through events."

Vision Statement- 1995

Since 1987, more than \$115.5 million of reinvestment has occurred in downtown Wooster, creating a vibrant and vital downtown, when it once had 42% street vacancy and 65% upper floor vacancy, inadequate infrastructure and a community that believed downtown Wooster was "dead or dying". Today, there is approximately 6% vacancy, with a strong boutique retail and loft living environment supported by an emerging, unique restaurant ambiance.

With the economic stabilization of downtown Wooster, it is important to focus on the revitalization of neighborhoods that connect to the downtown to further stabilize the downtown area.

A number of years ago, property owners on North Bever Street coalesced to renovate their period homes and neighborhood to revitalize an area that had been neglected for many years. On the strength of this cooperative project, Founder's Row was born.

Proposal:

The Howey Houses Project: (400 and 500 blocks of North Buckeye St.)

- purchase three/four houses, multiple family
- renovate structurally with some interior amenities
- market the properties
- sell the properties as single family units

Partners:

Local Financial Institutions
- Apple Creek Banking Company
- Commercial & Savings Bank
- First National Bank
- FirstMerit Bank
- Huntington Bank
- Premier Bank & Trust
- Wayne Savings Community Bank
- Western Reserve Bank
The City of Wooster
Main Street Wooster, Inc.
National City, a partner of PNC
Local Foundations
North Buckeye Street Neighborhood
Central Christian Church
Community Volunteers

Process:

- eight financial institutions to invest a total of \$400,000 for a period of 24 months at 0% interest;
- form an LLC, under auspices of Main Street Wooster, Inc. to accept the investment;
- local foundations to accept 1/5 of guarantee necessary to protect the investment (no more than \$80,000);
- purchase properties with approval of financial institutions and City of Wooster Building Department;
- utilize the CRA (Community Reinvestment Area) to apply to freeze property taxes for 10-12 year period;
- utilize City of Wooster employee as General Contractor to oversee the construction work;
- utilize local contractors for the renovations and volunteer expertise;
- market the project throughout its timeline to involve the community in the process and concept of the project;
- Main Street Wooster, Inc. will market the renovated homes and realtors will help to sell the renovated homes to qualified purchasers

Foundation/s:

The six foundations listed below will either guarantee the investment or provide a grant for the total investment by the financial institutions:

- Wayne County Community Foundation
- The Donald & Alice Noble Foundation
- Seaman Family Foundation (\$20,000)
- Wooster Area Chamber of Commerce (\$60,000)
- Stanley Gault
- Ralph & Grace B. Jones Foundation

Loan Guarantee:

- each Foundation will share equally in the guarantee of the investment;
- each Foundation will share equally in any default of the investment;
- each Foundation will establish the investment guarantee in a separate internal fund to be reported to the banks on a quarterly basis;
- investment guarantees shall be made for a period of no longer than 24 months and shall be dissolved upon complete payment of said obligations;
- Foundations shall not be held liable for anything other than the default of the investment;
- from the perspective of the public Foundations, all property purchased, improved, and resold shall be done in accordance with all applicable codes/regulations in a non-discriminatory manner.

Grant/s:

- each grant is to be applied to the Howey Houses LLC for the purpose of downtown Wooster real estate improvement.

Project Outcomes:

- public/private partnership project;
- significant improvement/support to an existing neighborhood;
- pilot project to entice further private investment
- improved safety of neighborhood;
- stabilization and economic improvement of existing housing and neighborhood abutting downtown Wooster;
- economic development business recruitment tool for downtown Wooster;
- renovation of existing housing to single family.

Further Information: Main Street Wooster, Inc.
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Main Street Wooster, Inc.
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Proposed Budget:

Revenue:

	2009-2010	
Financial Group Investment	\$400,000.00	
Sale of Properties		\$440,000.00

Expenses:

Property Purchase	\$ 240,000.00	
Closing Costs		
- property purchase	\$ 2,400.00	
- property resale	\$ 4,000.00	
Real Estate Taxes	\$ 4,800.00	
Insurance*	\$ 5,800.00	
Construction:	\$ 160,000.00	
Marketing:	<u>\$ 3,000.00</u>	
Total Estimated Expenses:	\$ 420,000.00	

*Insured as vacant properties, \$75,000 each property while under construction (based on average of 2,000 sq. ft. per unit)
\$1M per occurrence
\$2M aggregate
\$50 deductible