

CAU: Park Street

Music & Performing Arts Center



ULI Center for Leadership mTAP



PARK STREET

Music & Performing Arts Center

- Team Introduction
- Project Review
- Research Overview & Analysis
- Recommendations
- Financing & Revenue





Mason Ailstock
The University
Financing Foundation



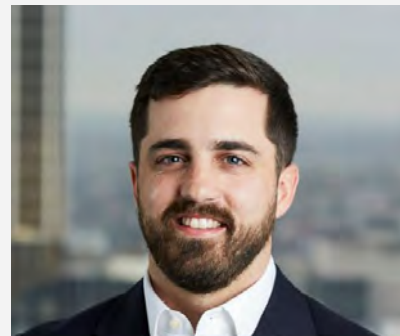
Katherine Dunatov
The Loudermilk
Companies



Natalie Martinez
NM Architecture
+ Real Estate



Malory Atkinson
Shear Structural



Schroder Voyles
Atlanta Beltline

TEAM INTRODUCTION



PROJECT INTRODUCTION



...the rehabilitation of Park Street Methodist Episcopal Church is an important testament to the history of places of worship, the Civil Rights Movement, CAU, community engagement and education for residents of the West End community and the City of Atlanta.

As such, the rehab of the Church will both respect the past while creating a positive beacon for the entire community. The project will reinforce CAU's commitment to integrity of its historic resources in terms of the building features, events, or persons.

Problem Statement and Situational Abstract

Project Overview

Restoration & Repositioning

- Existing Facility in Disrepair
- Cost-Prohibitive Maintenance
- Revitalization of the Surrounding Area
- Gateway Property for CAU & AUC
- National Park Service Study Opportunity
- Financial Viability & Dedicated Revenue-Generating Program



PROJECT INTRODUCTION



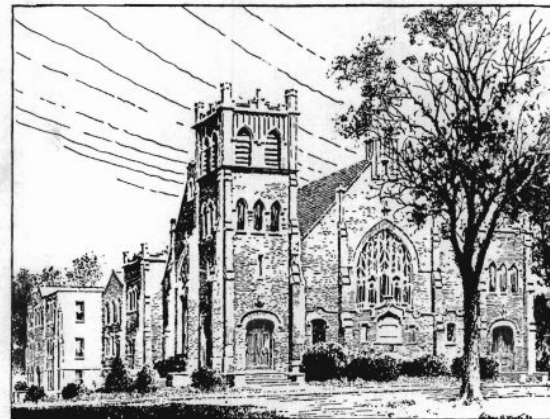
Park Street M. E. Church,
Corner Park and Lee Streets, Atlanta, Ga.



Park Street United Methodist Church

PARK AT LEE, S. W., ATLANTA, GEORGIA

Ministery: Charles Shaw
Frank R. Greer

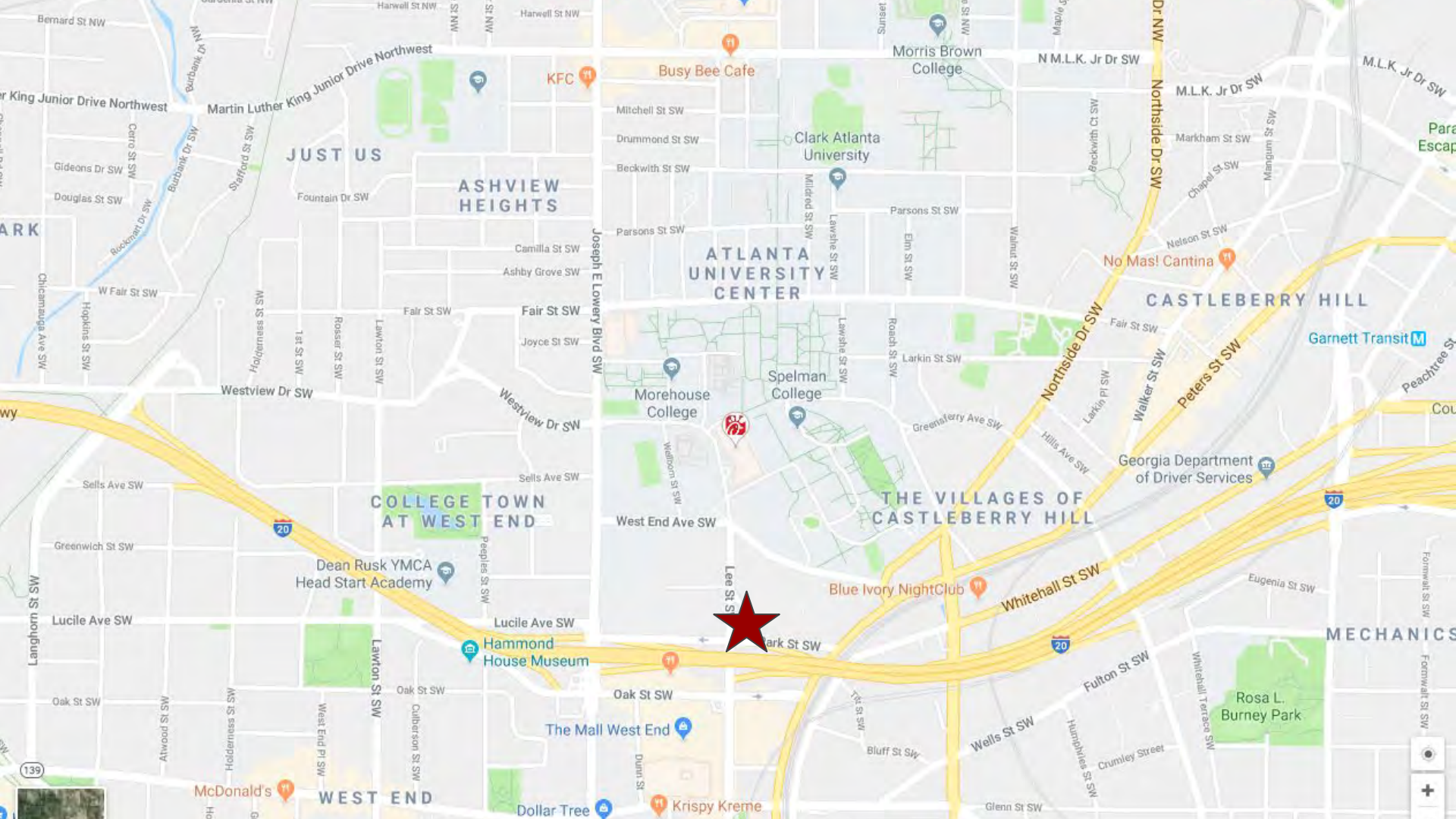


1878-1978

Challenges to Address

- Accessibility To Campus
- Connectivity to AUC
- Parking
- Safety
- Programming
- Financing





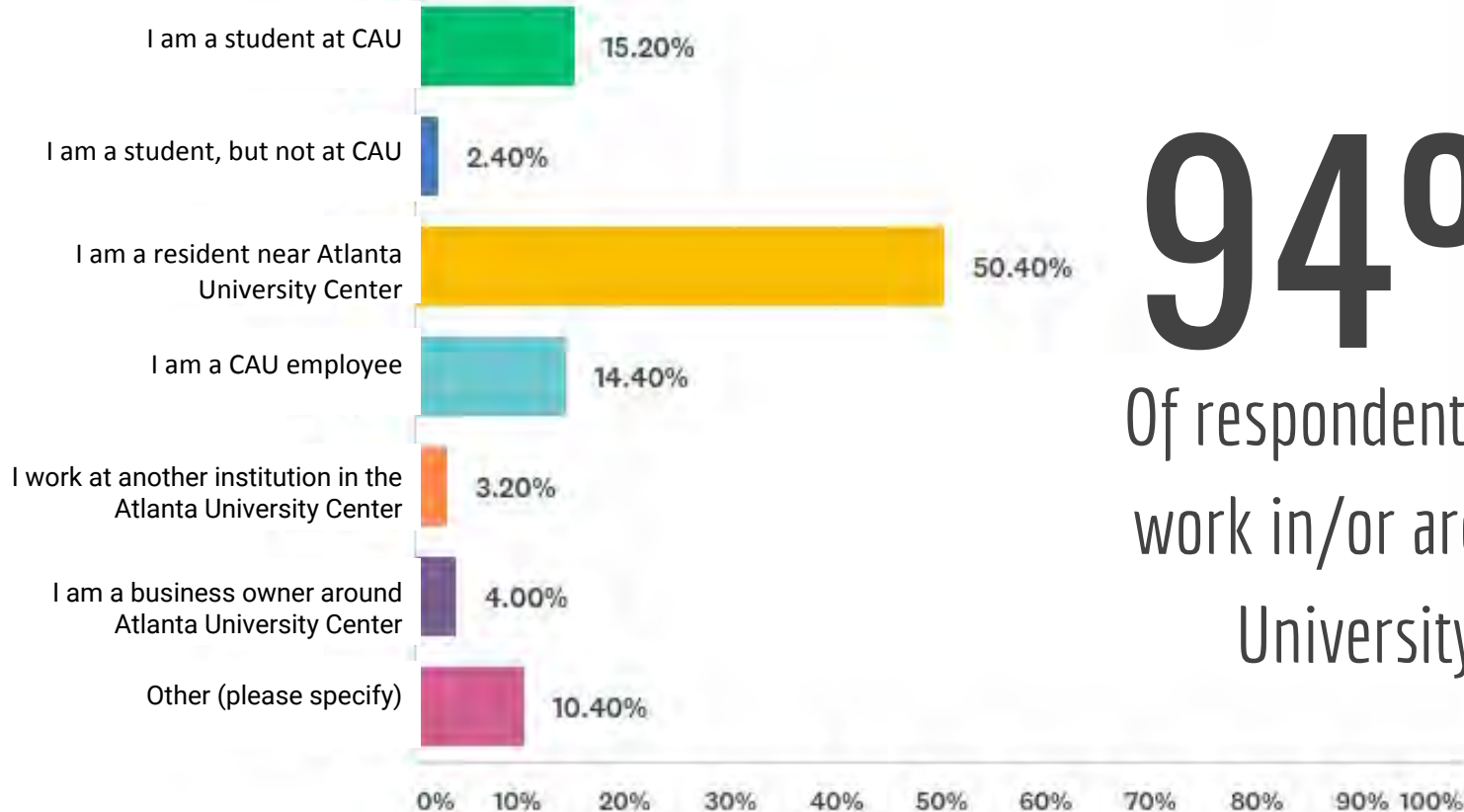


RESEARCH OVERVIEW & ANALYSIS

What We Did

1. Meeting with CAU Real Estate
2. Annex & Sanctuary Tour
3. NPU-T Meeting
4. Meeting with CAU Stakeholders
5. Campus & Community-wide Survey
6. Coordination with AUC
7. Outreach with Carter
8. Site Plan Analysis
9. Space Planning
10. Business Model Analysis
11. Cost Analysis
12. Funding Source Analysis
13. Revenue Analysis

Q1 Which of the following best describes you?



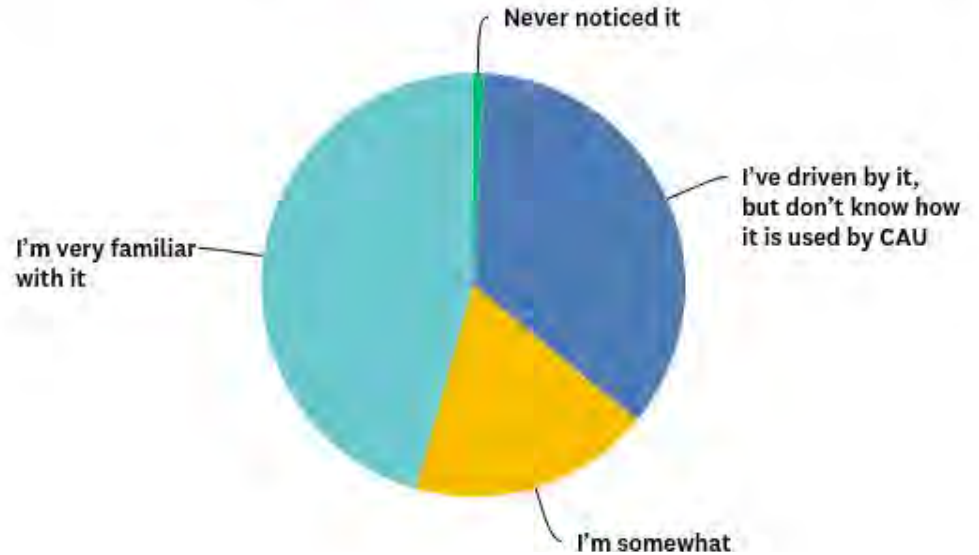
94%

Of respondents live and/or
work in/or around Atlanta
University Center.

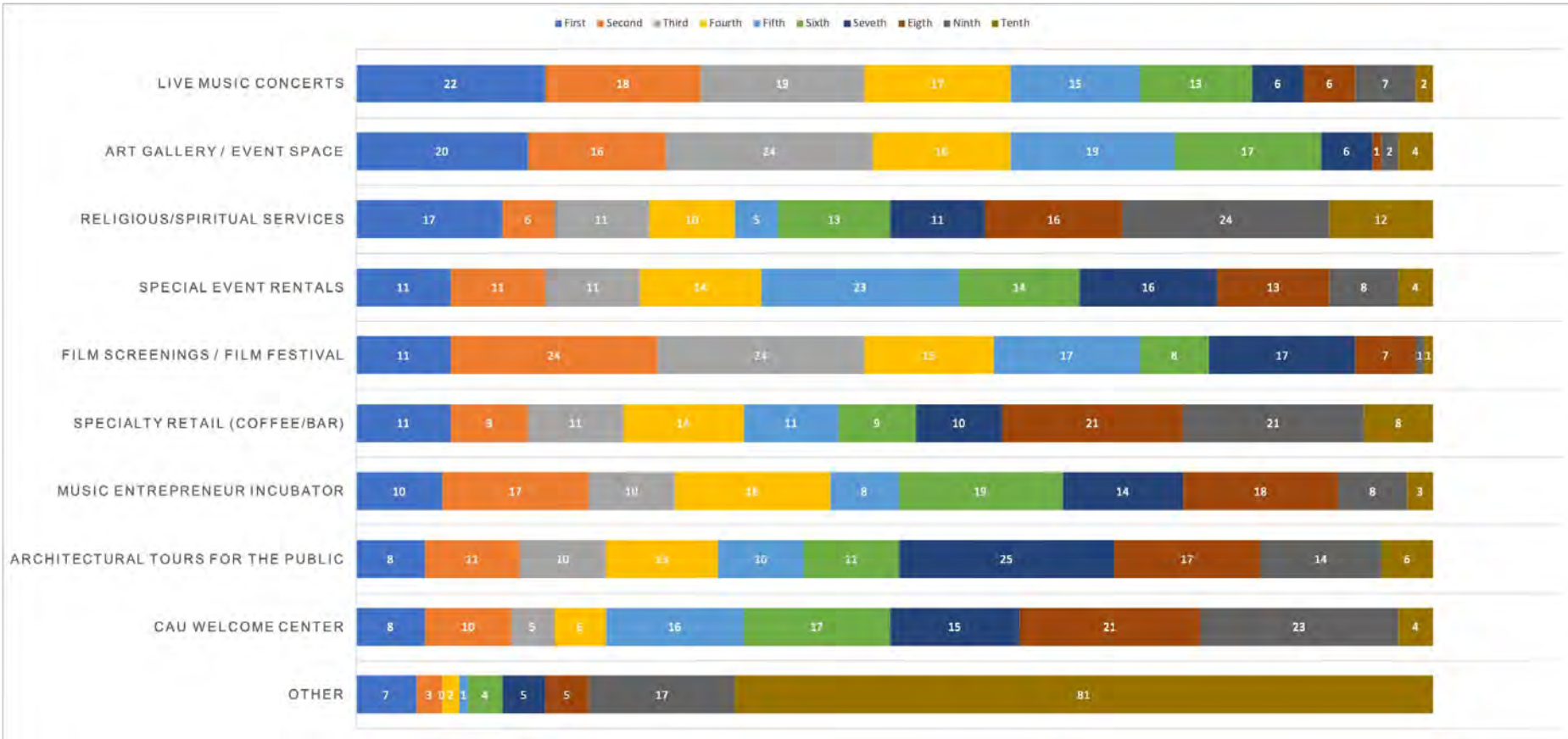
64%

Familiar with the building

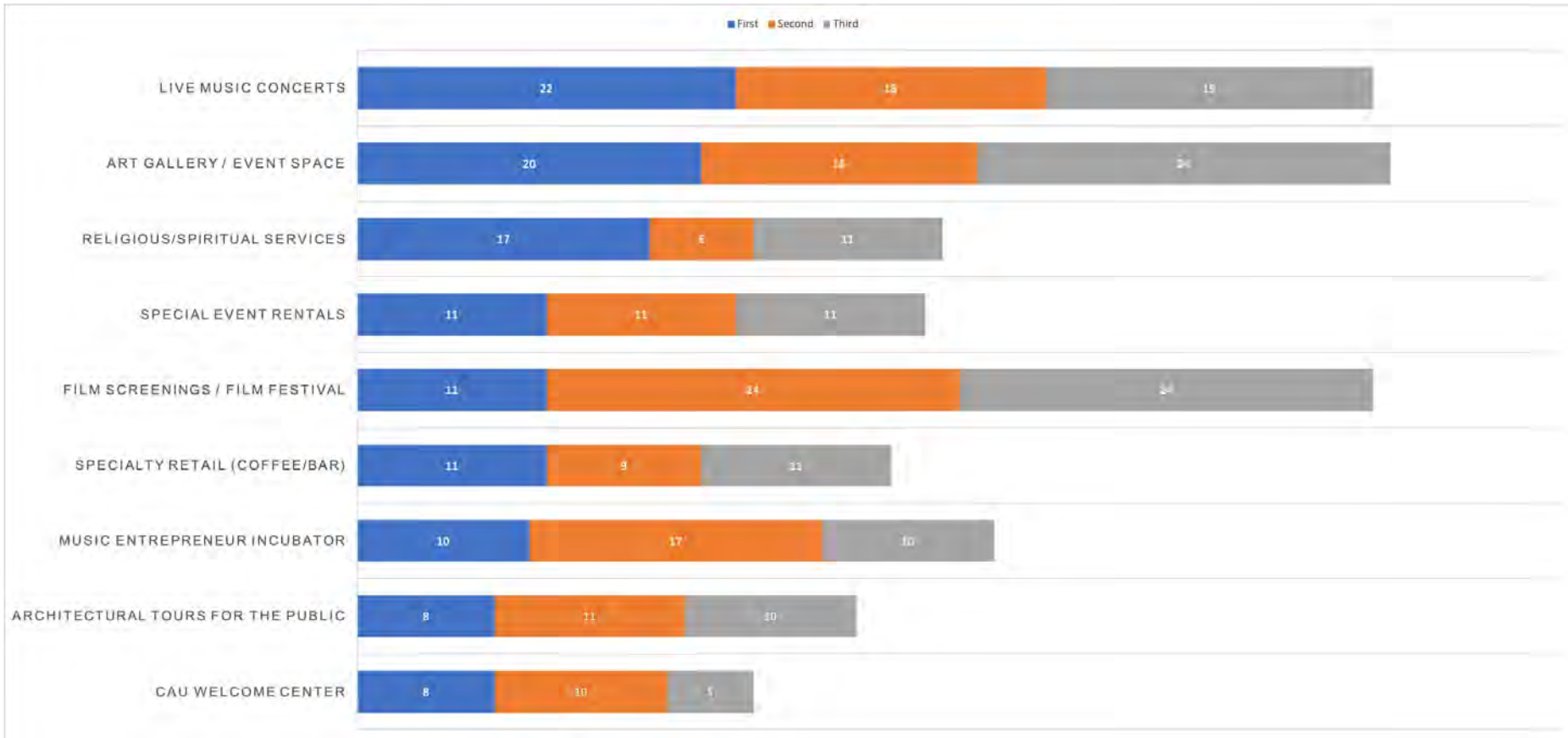
125 RESPONDENTS



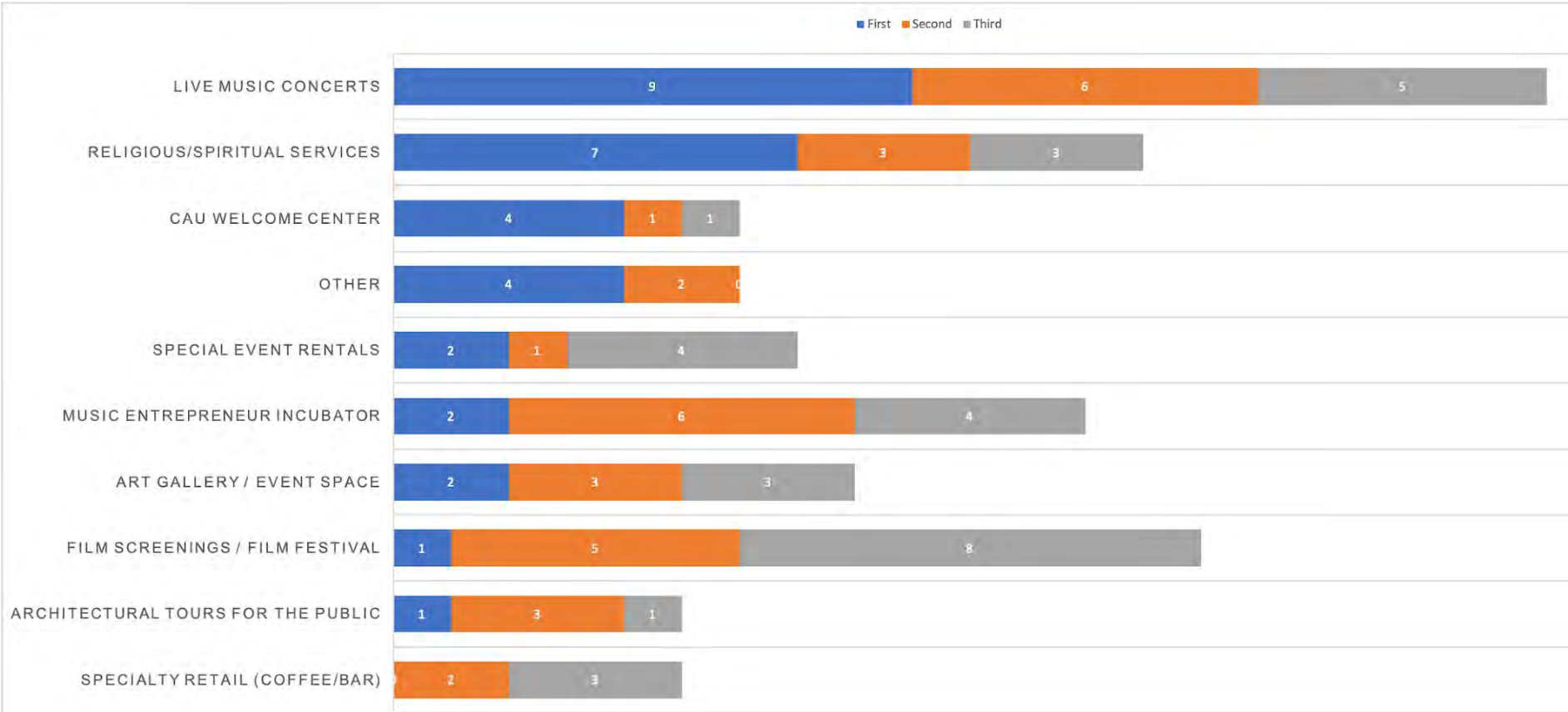
PROPOSED USES



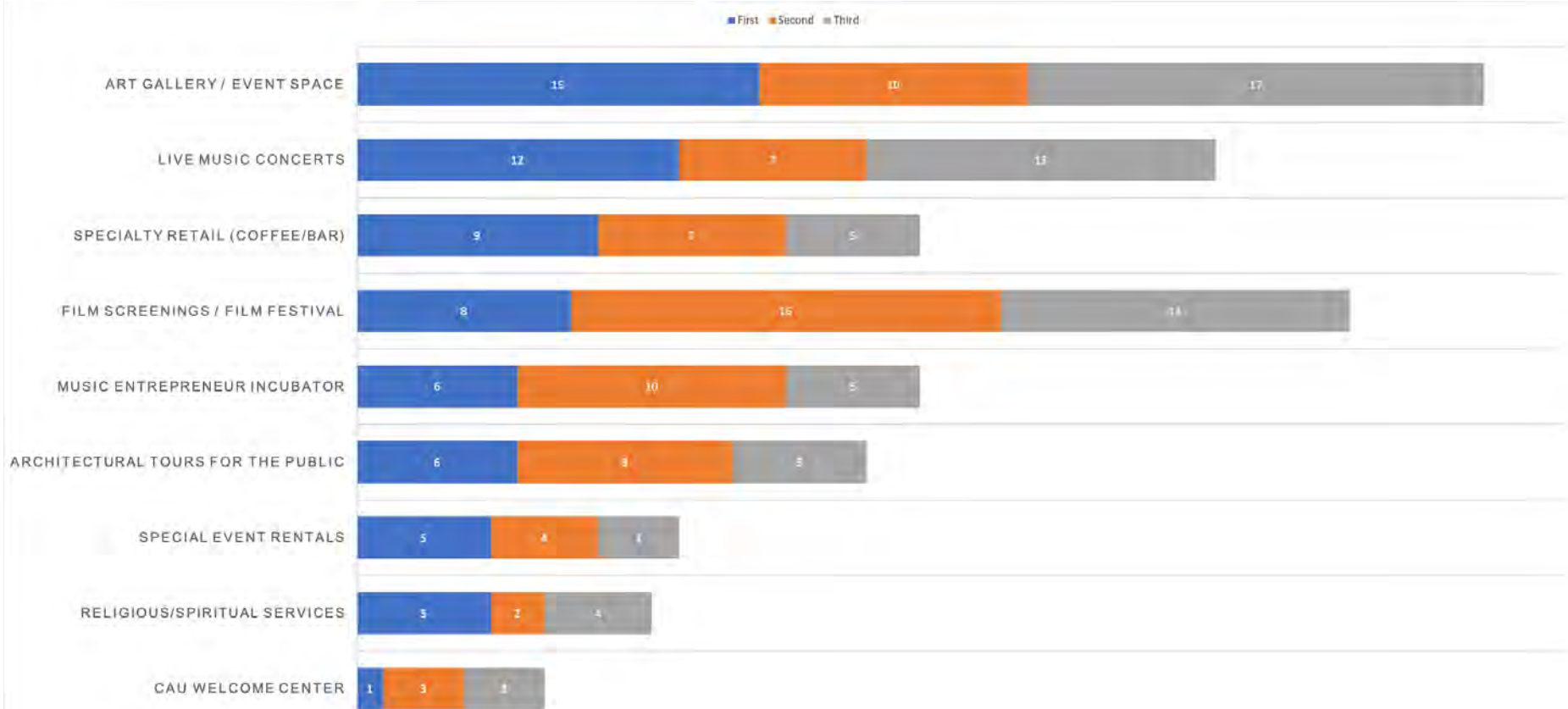
TOP 3 PROPOSED USES - ALL RESPONDENTS



TOP 3 PROPOSED USES - CAU STUDENTS



TOP 3 PROPOSED USES - COMMUNITY RESPONDENTS



A word cloud featuring various terms related to a community center or arts venue. The words are arranged in a circular pattern, with larger words in the center and smaller words towards the edges. The colors of the words vary, including shades of green, yellow, orange, red, and blue. The words include:

- Concerts
- Performance
- Multipurpose
- Restoration
- Preservation
- Youth
- Entertainment
- Elevator
- Community
- Workshops
- Open
- Music
- Entrance
- Culture
- Concert
- Rental
- Summer
- Renovation
- Lounge
- Partner
- Incubator
- Recording
- Art
- Shuttle
- Worship
- Parking
- Soundproofing
- Character
- Revitalization
- Wellness
- Gather
- Welcome
- Active
- Social
- Entryway
- History
- Experience
- Equipment
- Theater
- Creative
- Safety
- Coffee
- Showcase
- Greenspace

Stakeholder Discussion

- Accessibility To Campus
- Connectivity to AUC
- Parking
- Safety
- Building Security
- Programming



AUC Master Plan Guiding Principles

- Equitable and just at its heart – “The Beloved Community”
- **Harmonize** with campuses and community
- Celebrate heritage and **culture**
- Seamless **connectivity** – Walkable and multi-modal
- Development without displacement
- Adaptive re-use of **heritage** buildings
- Make New **History**
- Well-programmed and high-performance open space network



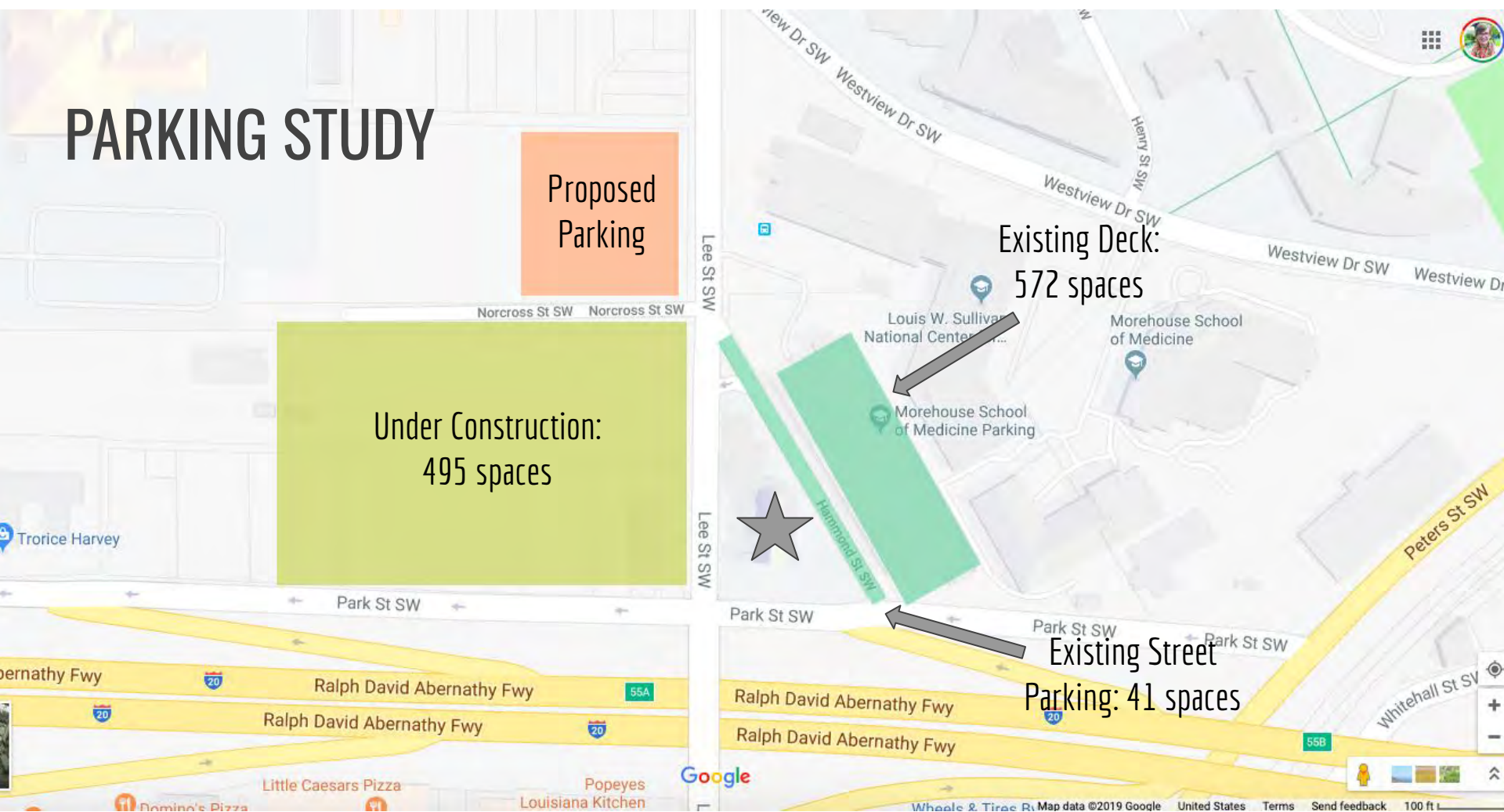
PARKING STUDY

Proposed
Parking

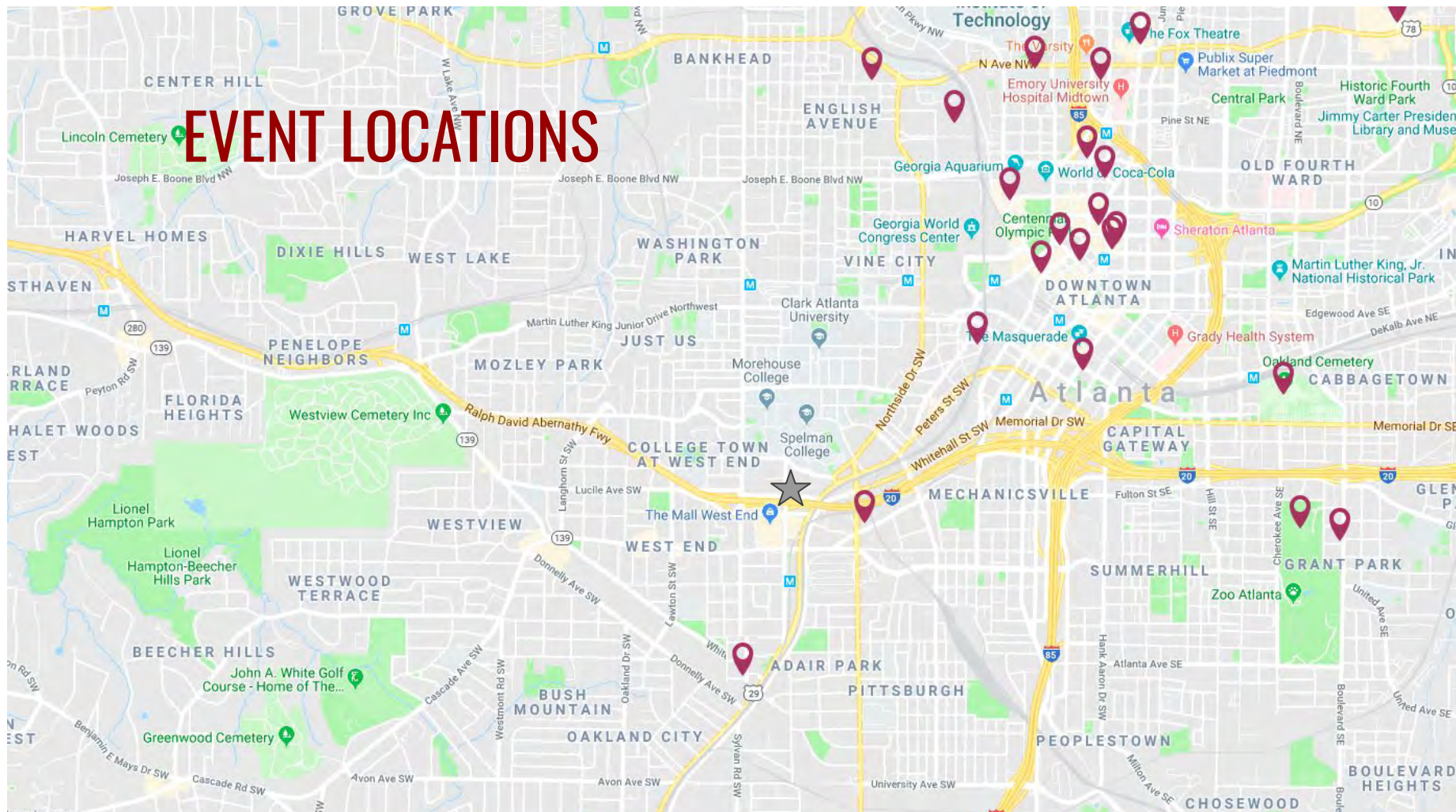
Under Construction:
495 spaces

Existing Deck:
572 spaces

Existing Street
Parking: 41 spaces



EVENT LOCATIONS



COMPARABLE FACILITIES

	Guests (approx)	Facility Rental Cost	Reception Space	Historic Church	Parking Restrictions
Church at Ponce & Highland - Poncey Highland (1926)	200	\$2,500		✓	✓
Circus School - Grant Park (1922)	200	\$6,167	✓	✓	✓
Druid Hills Presbyterian (1920)	200	\$9,187	✓	✓	
Atlanta First United Methodist (1903)	300	\$8,645	✓	✓	
Ambient Studio (1910)	300	\$4,000	✓		✓
Park Street Sanctuary (1920)	200	\$3,000	✓	✓	✓



RECOMMENDATIONS





Sample Mission Statement

Provide a music training center and recording studio for students and alumni including artists, producers, musicians, songwriters, singers, audio engineers and beyond. Environment for developing skill set, recording music, collaboration and building lasting lasting entrepreneurial relationships.

REVENUE SOURCES

Sustainable Business Model

- Special Event Rentals
 - Weddings
 - Worship Services
 - Performances & Concerts
 - Seminars & Workshops
 - Film Location Opportunities
- Community
 - Community Meeting Rooms
- Music & Art Departments
 - Performances & Concerts
 - Summer Programming
 - Youth Music Camps
 - Art Gallery
 - Art Shows



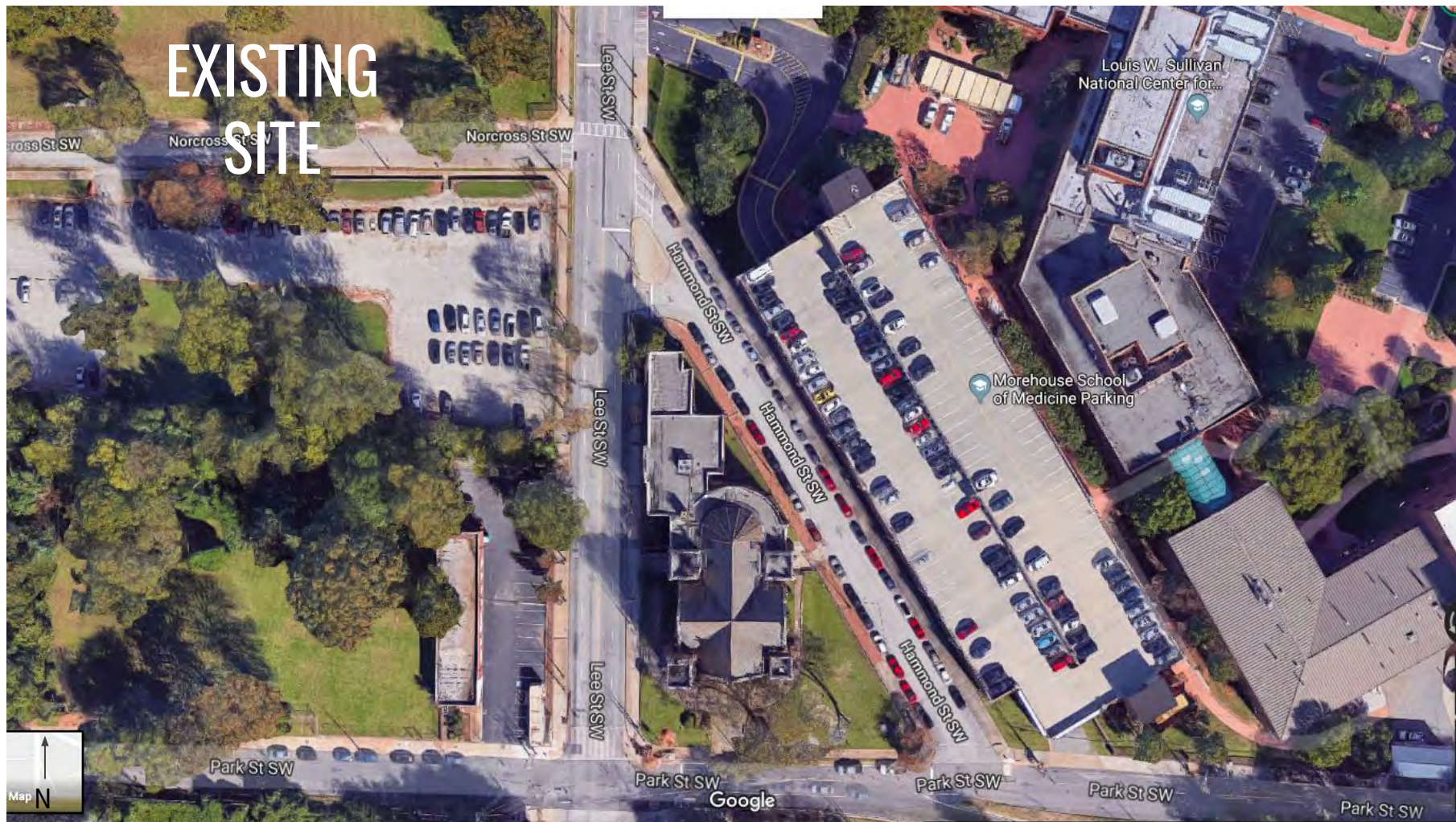
PROPOSED ADDITIONAL USES FOR BUILDING

	Revenue Generating	Dedicated CAU Personnel/ Resources	Valet Parking/Shared Parking	Community Engagement	Alumni Engagement	CAU Connectivity
Live CAU Music Performances	✓	✓	✓	✓	✓	✓
Special Event Rentals	✓	✓	✓	✓	✓	
Music Entrepreneurship Incubator	✓	✓		✓	✓	✓
Art Gallery	✓	✓		✓		✓
CAU - Welcome Center		✓		✓	✓	✓
Film Screening/Festival	✓	✓	✓	✓	✓	

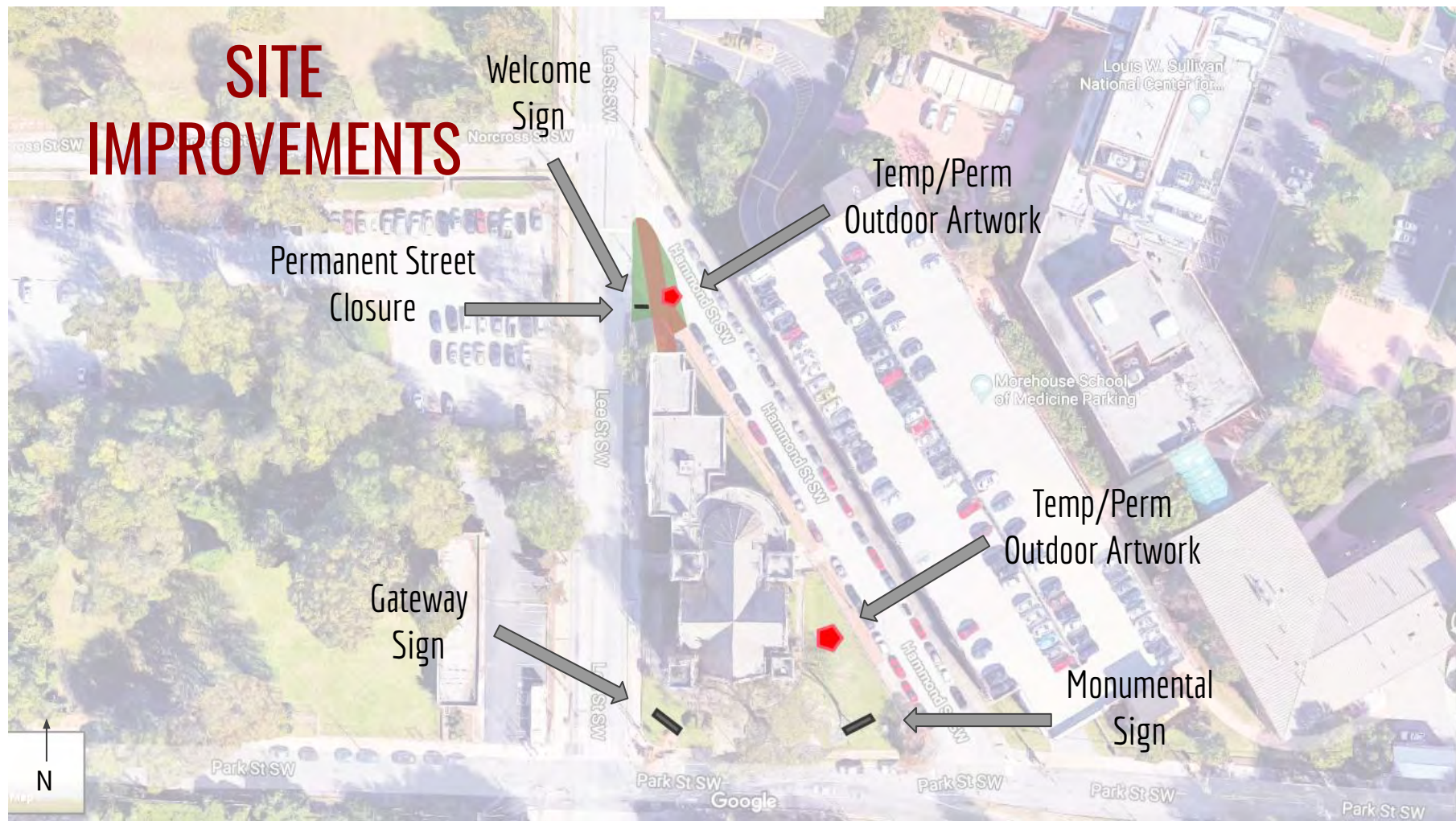


PROPOSED DESIGN

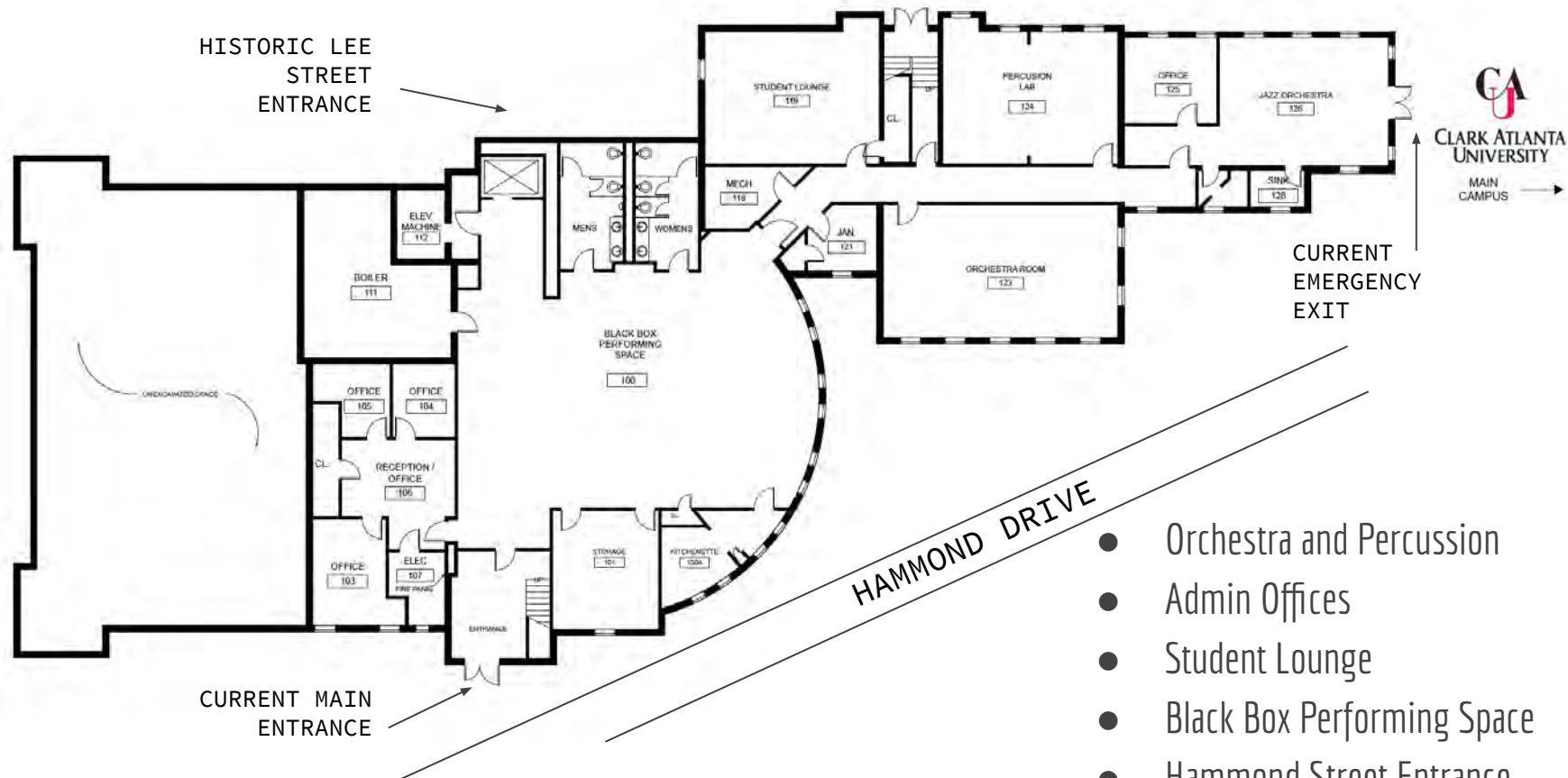
EXISTING SITE



SITE IMPROVEMENTS

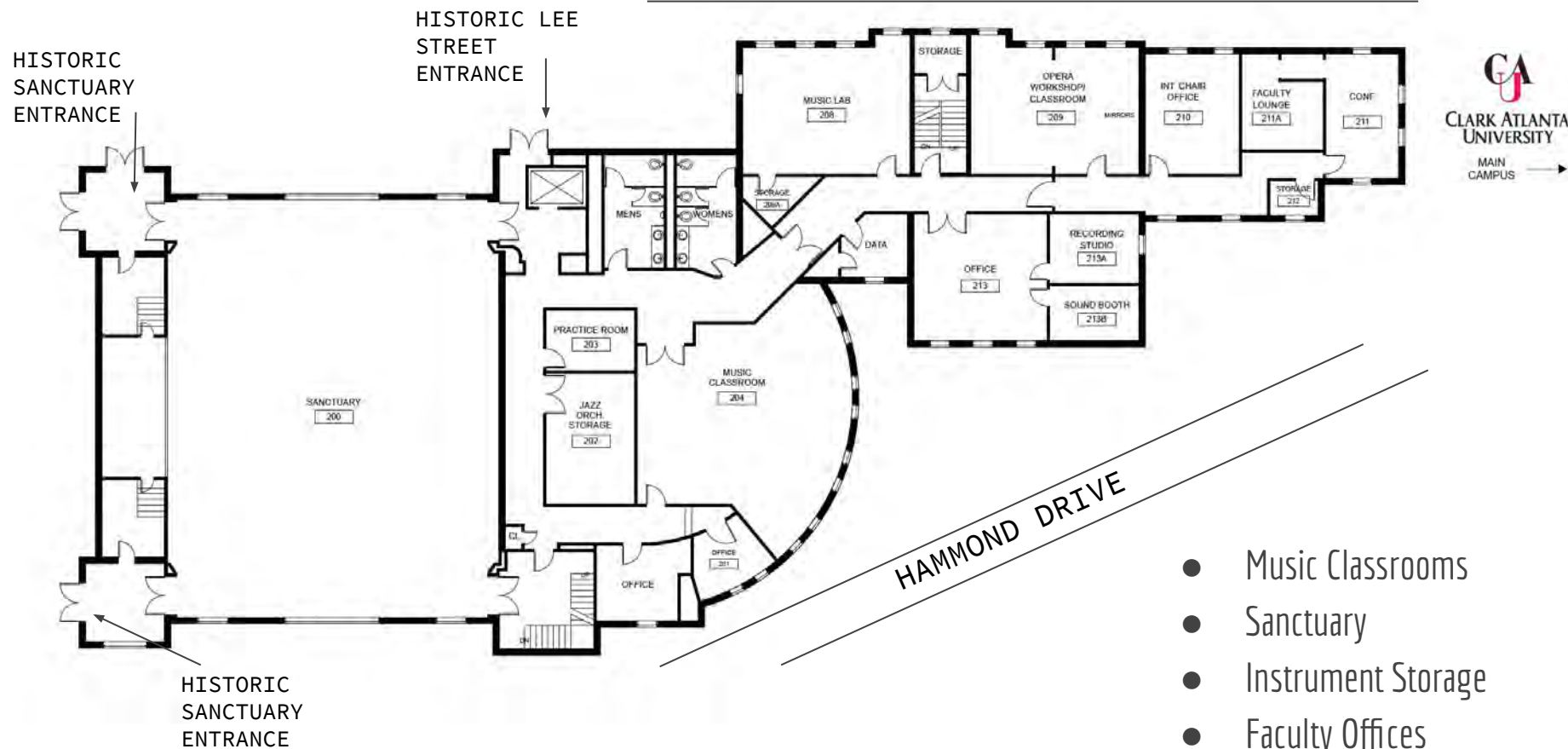


EXISTING FIRST FLOOR



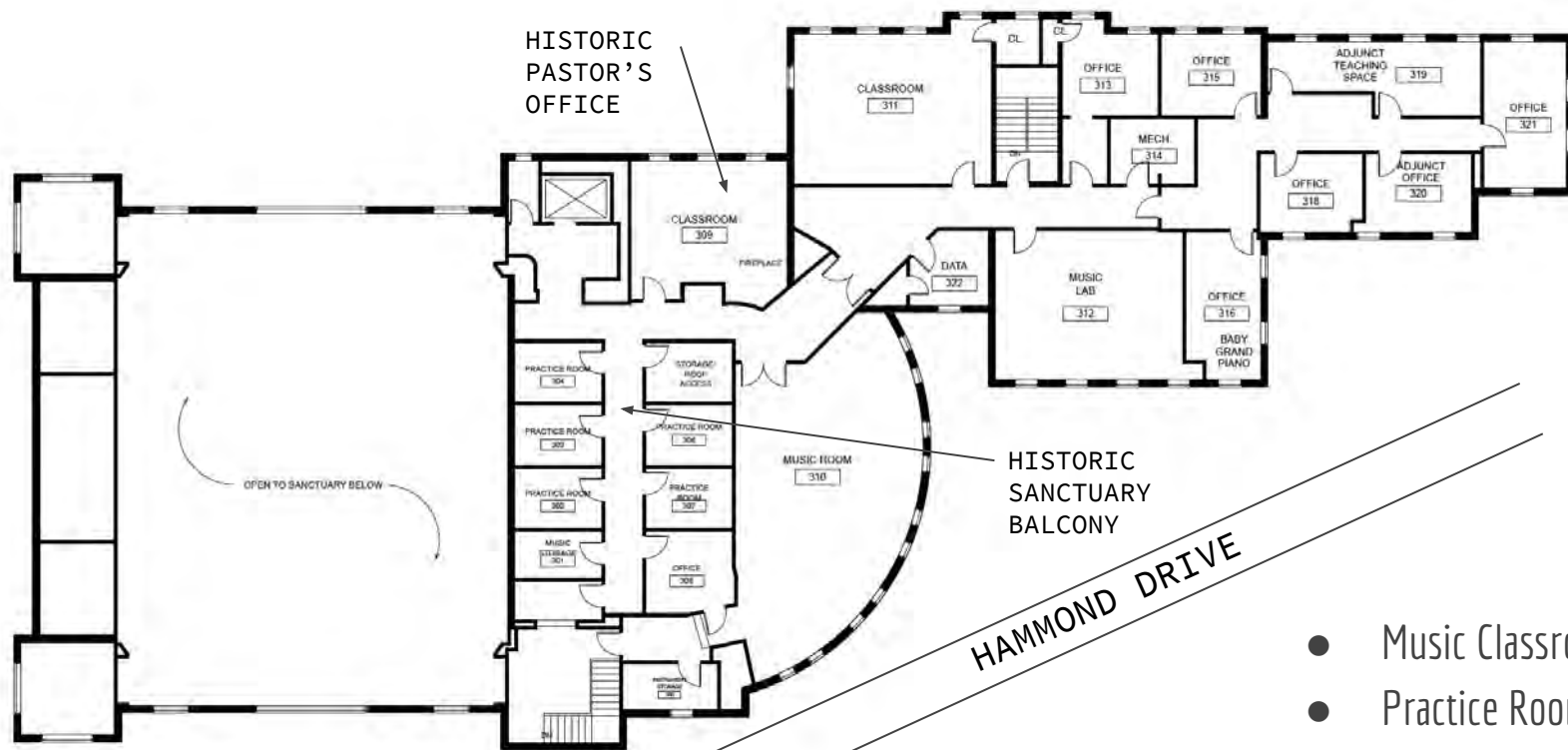
- Orchestra and Percussion
- Admin Offices
- Student Lounge
- Black Box Performing Space
- Hammond Street Entrance

EXISTING SECOND FLOOR



N →

EXISTING THIRD FLOOR



HAMMOND DRIVE

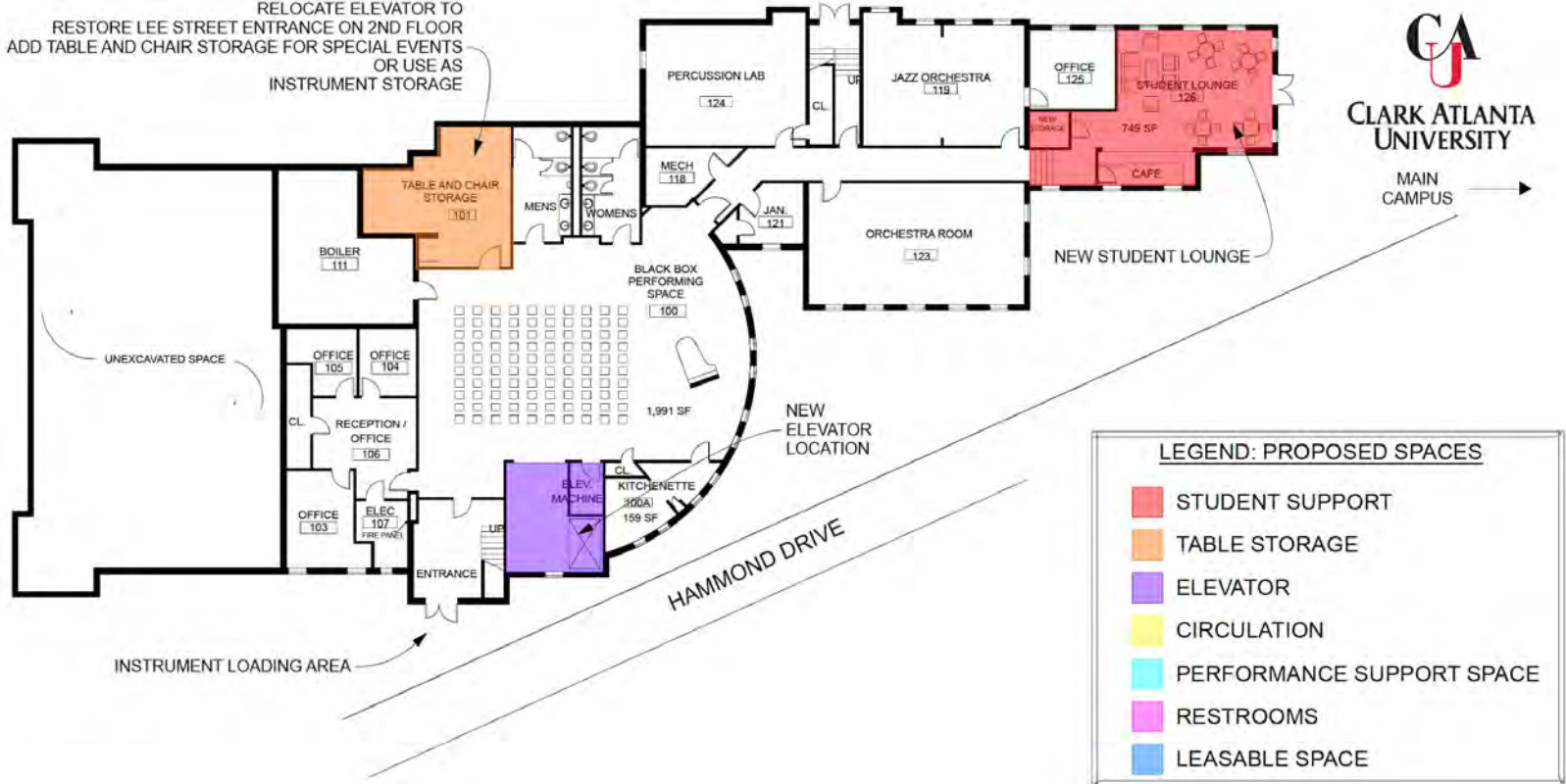
- Music Classrooms
- Practice Rooms
- Faculty Offices



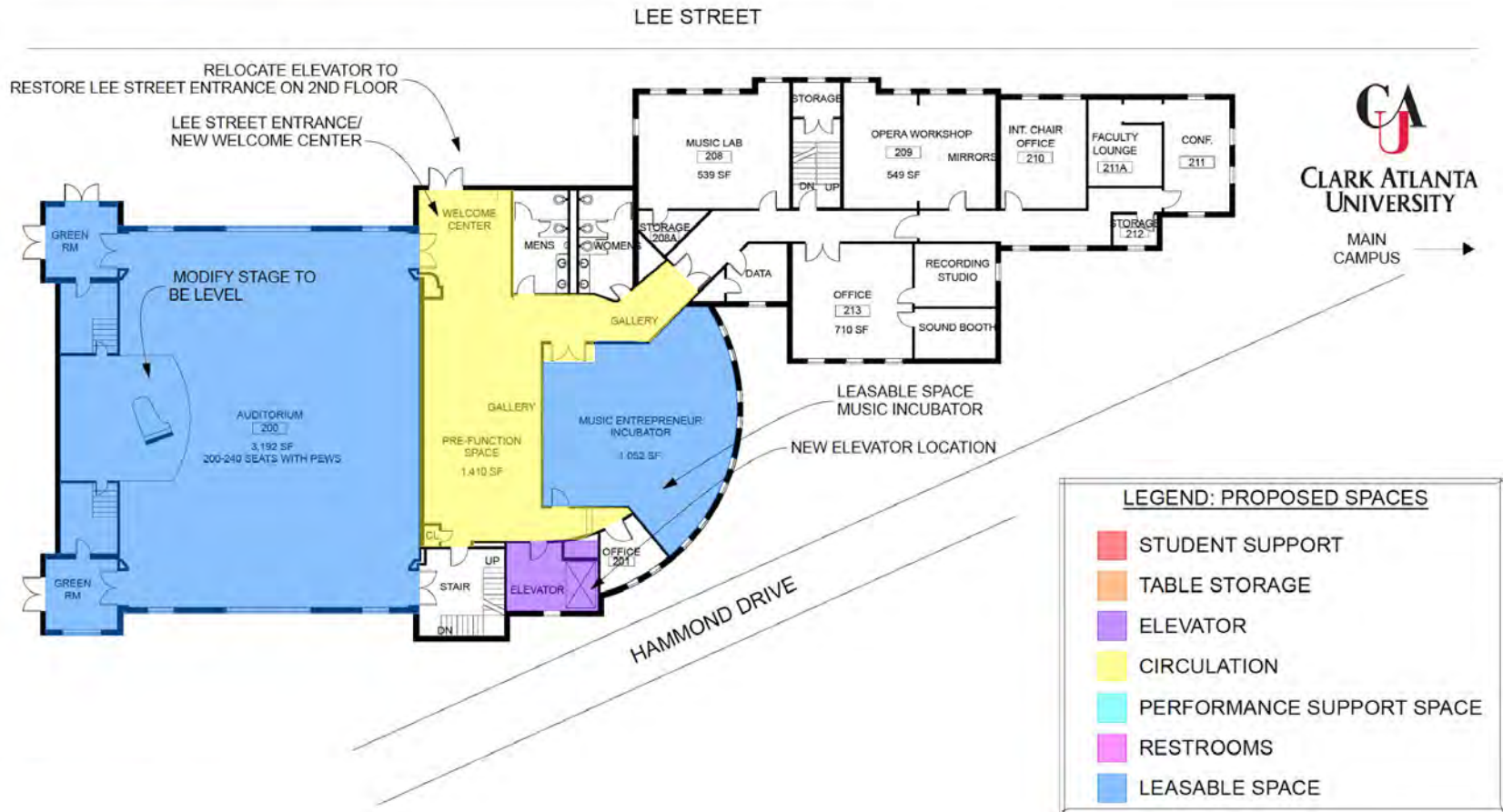
PROPOSED FIRST FLOOR

LEE STREET

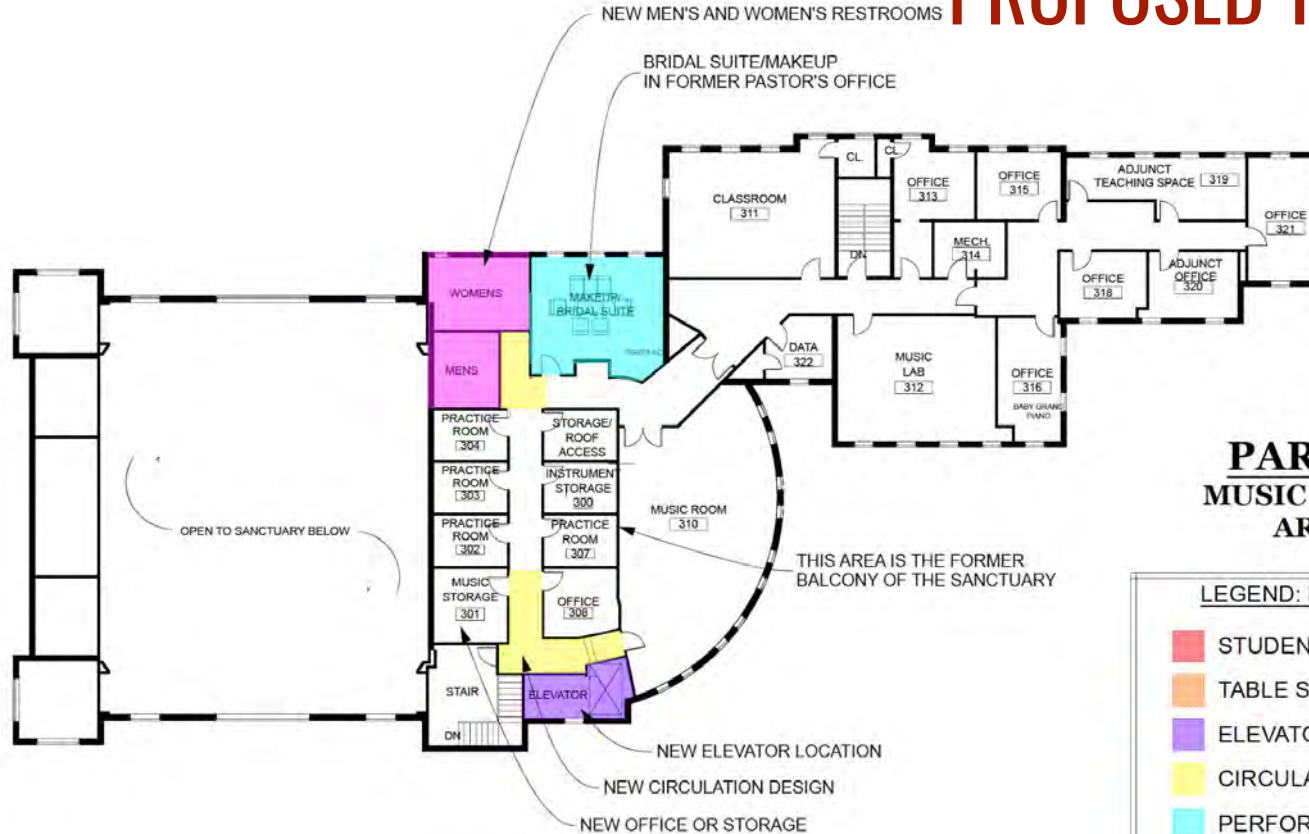
RELOCATE ELEVATOR TO
RESTORE LEE STREET ENTRANCE ON 2ND FLOOR
ADD TABLE AND CHAIR STORAGE FOR SPECIAL EVENTS
OR USE AS
INSTRUMENT STORAGE



PROPOSED SECOND FLOOR



PROPOSED THIRD FLOOR



PARK STREET **MUSIC & PERFORMING ARTS CENTER**

LEGEND: PROPOSED SPACES

- STUDENT SUPPORT
- TABLE STORAGE
- ELEVATOR
- CIRCULATION
- PERFORMANCE SUPPORT SPACE
- RESTROOMS
- LEASABLE SPACE



NORTH ENTRANCE AT STUDENT LOUNGE

LEE STREET ENTRANCE : NEW WELCOME CENTER ENTRANCE

- Historic Entrance
- Gracious Clark Atlanta Welcome
- Greater Connection to the Community
- Connection to Morehouse Development



SANCTUARY







FINANCING & REVENUE

Financing

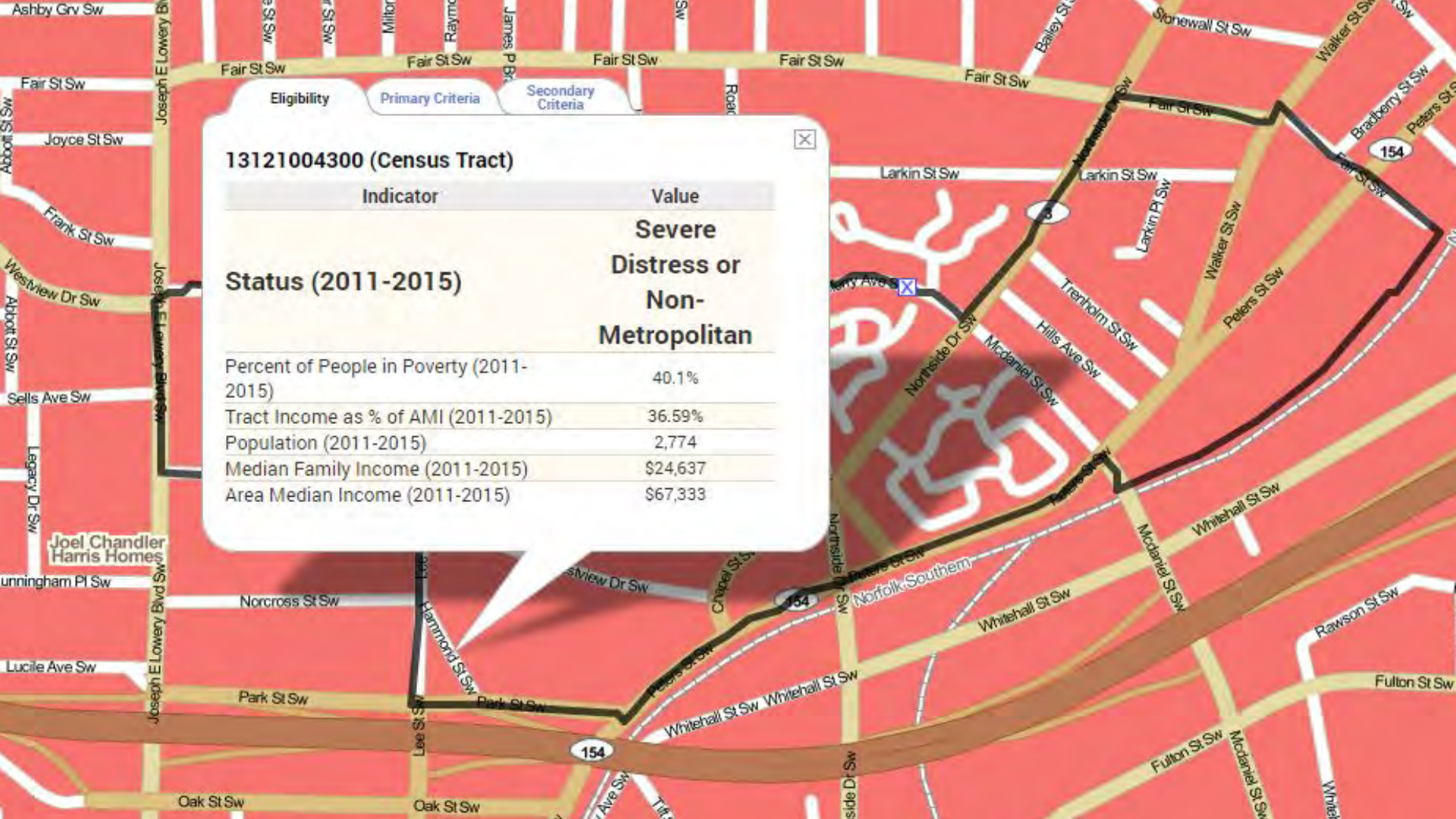
Capital Sources

- **GOVERNMENT**
 - New Markets Tax Credits
 - Georgia Historic Tax Credits
 - Federal Historic Tax Credits
 - Opportunity Zone Investors
 - Economic Development Administration (EDA) Public Works and Economic Development
- **FOUNDATIONS**
 - MacArthur Foundation
 - Kresge Foundation
 - Kauffman Foundation
 - *Many others to consider based on eligibility, matching funds and university networks*
- **PRIVATE & COMMUNITY FUNDRAISING**
 - Committed alumni considering unique opportunities to give back
 - Philanthropic campaign to save a piece of campus/community architectural history
 - Naming rights to spaces and programs
 - Private sector partnerships and revenue sharing joint ventures

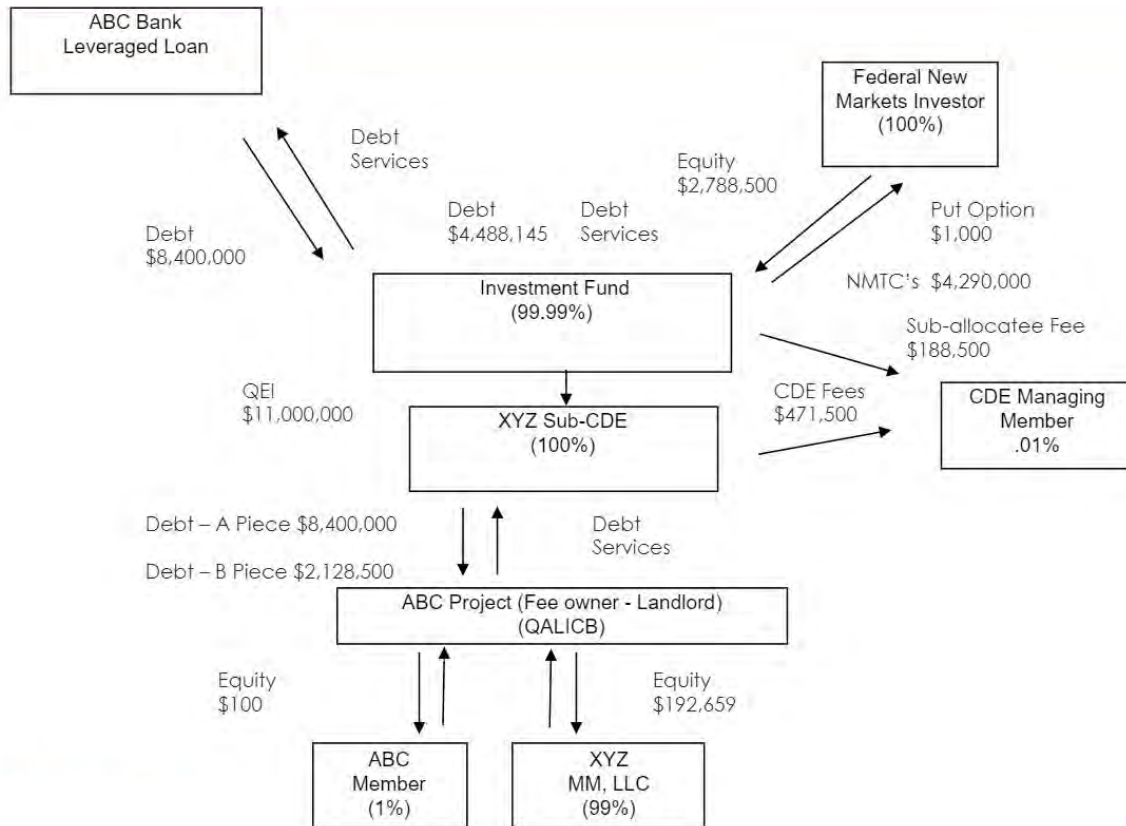


New Markets Tax Credit Qualifications

- The New Market Tax Credit Program (*NMTC Program*) aims to attract the private investment necessary to reinvigorate struggling local economies.
- Permitting individual and corporate investors to receive a **tax credit against their federal income tax** in exchange for making equity investments in specialized financial intermediaries called [Community Development Entities \(CDEs\)](#).
- The credit totals **39% of the original investment amount** and is claimed over a period of seven years.



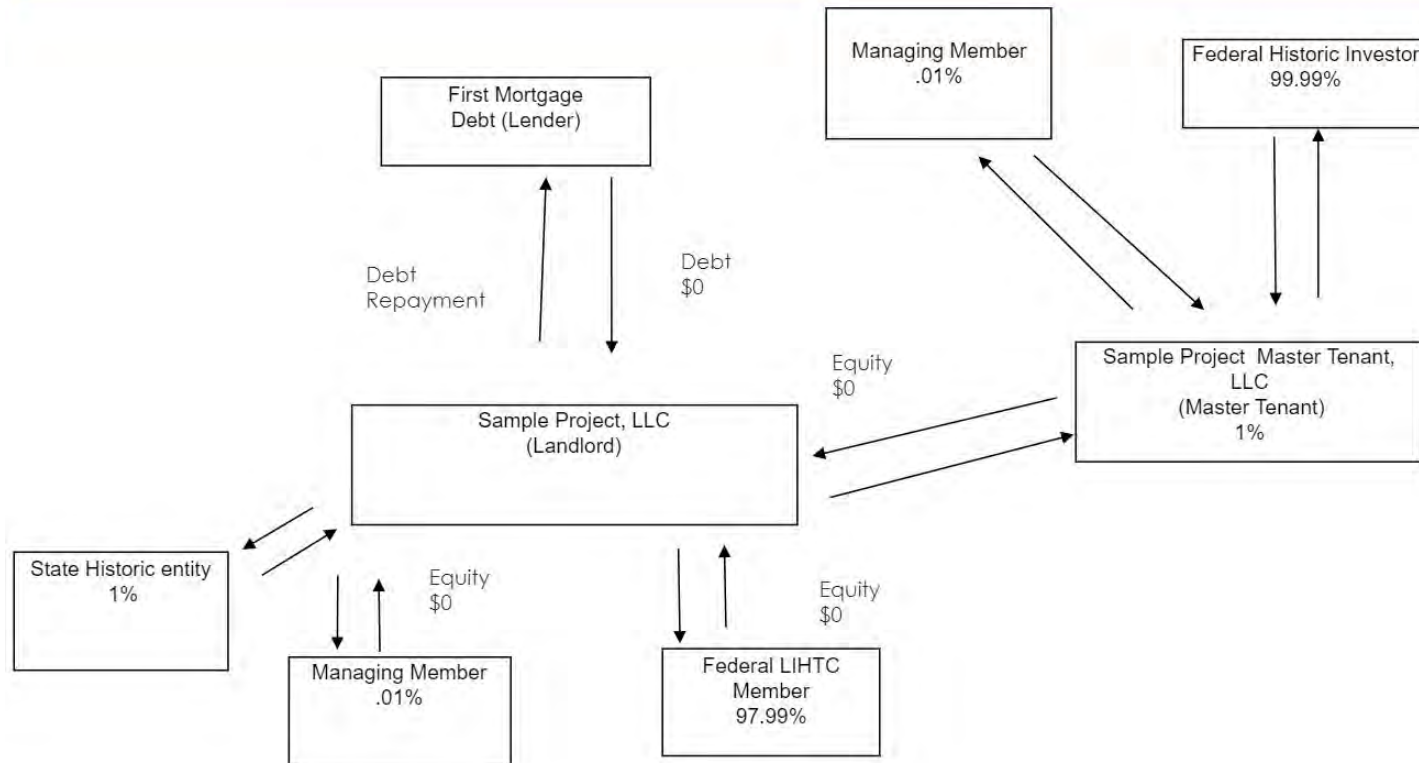
New Markets Tax Credits *(Sample Structure)*



Federal & State Historic Tax Credits

- Encourages private sector investment in the rehabilitation and re-use of historic buildings.
- Federal & State Benefits
 - The **Federal tax credit** allows program participants to claim **20% of eligible improvement expenses** against their federal tax liability.
 - The **Georgia tax credit** program allows participants to apply for a state income tax credit equaling **25% of qualifying rehabilitation expenses**.
- Property owners must complete the three-part application process for historic preservation certification managed by the National Park Service (NPS) and the relevant State Historic Preservation Officers (SHPO).
- **Qualified Rehabilitation Expenses (QREs)** are the development expenses on which HTC's can be claimed.
 - Examples of QREs include, but are not limited to, the costs related to the repair or replacement of walls, floors, ceilings, windows, doors, air conditioning/heating systems, kitchen cabinets and appliances, plumbing and electrical fixtures, architects' fees, construction loan interest, and environmental reports.

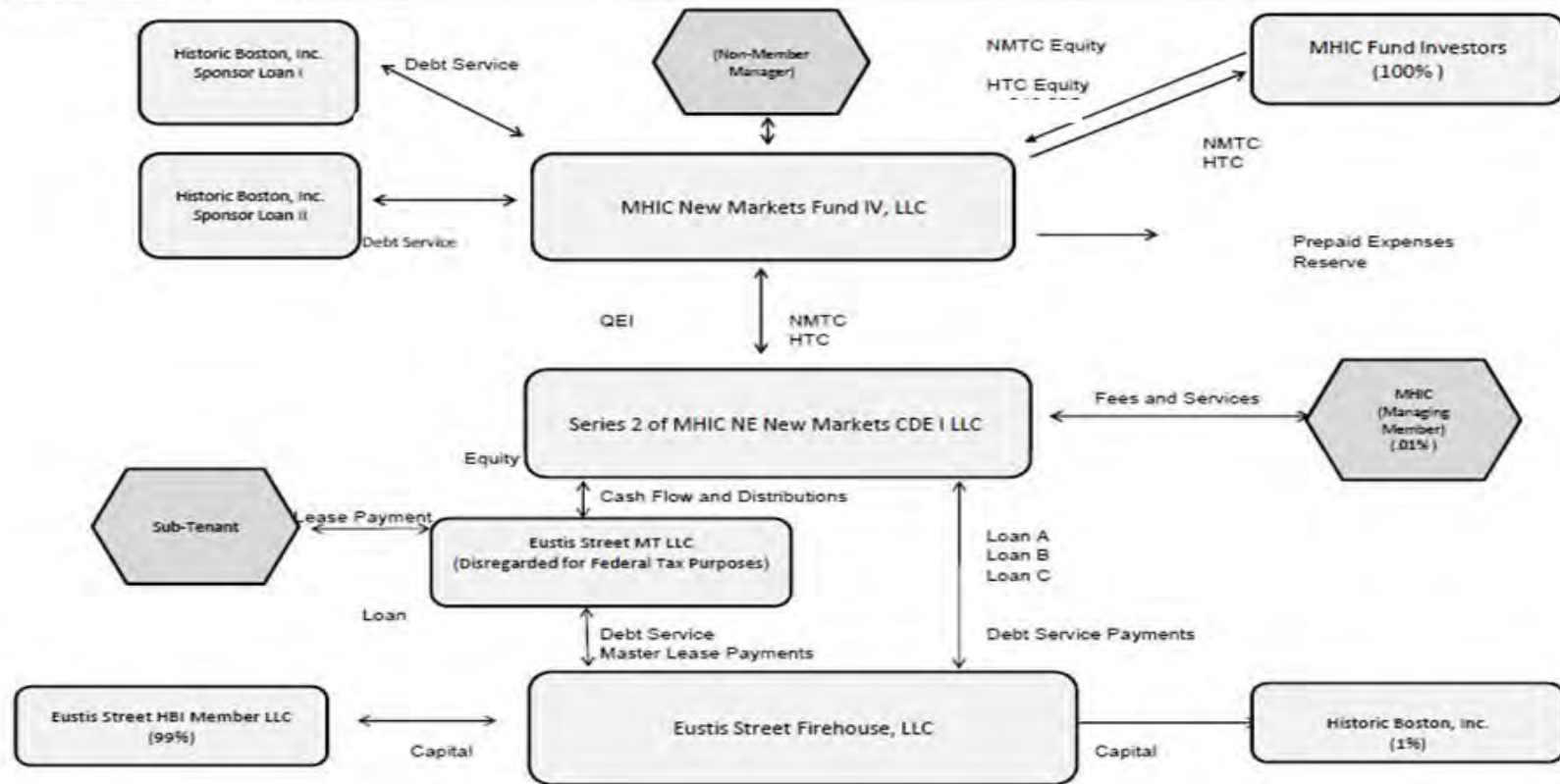
Historic Rehabilitation Tax Credits *(Sample Structure)*



Tax Credits Get Complicated Quickly *(Sample Structure)*

But it is possible!

NEW MARKETS/HTC DIAGRAM



Tax Credits Get Complicated Quickly

Renaissance Equity Partners

Renaissance Equity Partners (REP) www.renequity.com is an economic development finance advisory firm with a focus on emerging domestic communities. The HBCU Community Development Action Coalition www.hbcucoalition.com is a 501(c) (3) nonprofit organization with a mission to promote, support, and advocate for HBCUs to build community wealth and healthy sustainable communities.



Robert Jenkins, Jr.
Senior Managing Director
rkjenkins@renequity.com

HBCU/Redevelopment Projects Using NMTC & HTC



Dumas Center for Artistic & Cultural Development Roanoke, VA
Historic Black Theatre. First African American, Oscar Meshaw, to do feature length movies in the 1920s.



The Attucks Theatre, Norfolk, VA
Well known theater hosting concerts and shows that also visited the Apollo in New York.



Beaux Arts Building, Fort Mill AR
Constructed in 1911, this new project is under development to create a destination for music and performing arts.

Project Budget Comparisons

Project	Location	Original Construction	Year Rehabilitated	Square Feet	Budget	Cost/SQFT	Increased Construction Cost	2019 Adjusted Cost
Dumas Center for Artistic & Cultural Development	Roanoke, VA	1923	2005	15,000	\$4,800,000	\$320	33.3%	\$427
Beaux Arts Building	Fort Mill, AR	1911	2020	26,000	\$8,000,000	\$308	0.0%	\$308
The Attucks Theatre	Norfolk, VA	1919	2004	22,000	\$8,300,000	\$377	36.8%	\$516
Adjusted Comp Averages								\$417

Industry Opinion	Atlanta Historic Renovation		2019			\$140	\$200
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Park Street Music & Performing Arts Center	Atlanta, GA	1878	2021	28,800		Range	
						\$140	\$417
						\$4,032,000	\$12,009,600

Park Street Music & Performing Arts Center

Maximize Free Capital

BEGINNING PROJECT COST

\$10,000,000 project budget

- NMTC Allocation **50% of Project Cost: \$5,000,000**

$\$5\text{M} \times \$.39 = \$1,950,000$ - CDE & Closing Fees = **\$1,200,000 to the project**

- Federal Historic Tax Credit based on QREs. Estimate **\$8,000,000 in QRE costs**

$\$8\text{M} \times 20\% = \1.6M (less fees) = **\$1,500,000 to the project**

- Georgia Historic Tax Credit based on QREs. Estimate **\$8,000,000 in QRE costs**

$\$8\text{M} \times 25\% = \2M (less fees) = **\$1,900,000 to the project**

Park Street Music & Performing Arts Center

Maximize Free Capital

Beginning Project Cost	\$10,000,000
------------------------	--------------

New Markets Tax Credits	(\$1,200,000)
-------------------------	---------------

Historic Tax Credit Federal	(\$1,500,000)
-----------------------------	---------------

<u>Historic Tax Credit Georgia</u>	<u>(\$1,900,000)</u>
------------------------------------	----------------------

Total Project Cost	<u>\$5,400,000</u>
--------------------	--------------------

REVENUE ESTIMATE: EVENTS	Days	Average Rev	Total
Weddings (Non-CAU)	10	\$3,000	\$30,000
Weddings (CAU)	15	\$2,500	\$37,500
CAU Ticketed Performances (Shows/Concerts, Avg \$15, 200p)	12	\$3,000	\$36,000
Non-CAU Events (Concerts, Speakers, Recordings, Festivals)	6	\$3,000	\$18,000
Filming Location (Summer Only)	7	\$5,000	\$35,000
CAU Art Events (10% Commission to CAU)	2	\$625	\$1,250
Worship Services (Monthly Sunday Morning Contract Only)	24	\$250	\$6,000
OPTIONAL ADD ON (Black Box Rental/Banquet Space)	12	\$1,000	\$12,000
EVENT SUB TOTAL	74	\$2,375	\$175,750

EXPENSES ESTIMATE	Number	Cost	Total
Full Time Event Coordinator / Booking (Annual Salary)	1 person	\$40,000	\$40,000
-- <i>Booking Incentive (3% on Non CAU Event Revenue)</i>	\$126,500	3%	\$3,795
Banquet Tables (One Time)	20	\$100	\$2,000
Chairs (One Time)	200	\$50	\$10,000
Additional Security (Hourly for Special Events - 1 person)	250 hours	\$50	\$12,500
Valet Service for CAU Events (3 attendants / 5 hours)	210 hours	\$25	\$5,250
Startup Expenses			\$12,000
Annual Event Operating			\$21,545
Annual Fixed			\$40,000

REVENUE ESTIMATE: INCUBATOR LEASE

— — —	SqFt	Average Rev	Total
Incubator Lease 1st Year**	1,052	\$29/SF	\$30,508**
Incubator Lease	2,000	\$28/SF	\$56,000
Incubator Lease	5,000	\$27/SF	\$135,000

*** Denotes Incubator option as shown on the plans*

NET REVENUE

— — —	Total First Year	Total 2nd Year
Special Event Revenue	\$175,750	\$193,325
Incubator Revenue	\$30,508	\$31,423
Expenses	(\$73,545)	(\$67,700)
NET REVENUE	\$132,713	\$157,048

A word cloud featuring various terms related to a community center or arts venue. The words are arranged in a circular pattern, with larger words in the center and smaller words towards the edges. The colors of the words vary, including shades of green, yellow, orange, red, and blue. The words are: Musicians, Character, Revitalization, Shuttle, Gather, Welcome, Concerts, Worship, Parking, Soundproofing, Active, Recording, Art, Performance, Incubator, Social, Entryway, Partner, Lounge, Multipurpose, Entrance, Culture, Summer, Rental, Concert, Music, Restoration, Film, Resource, History, Experience, Preservation, Equipment, Youth, Entertainment, Theater, Creative, Elevator, Greenspace, Gateway, Safety, Coffee, Showcase, Community, Workshops, and Open.

Musicians
Character
Revitalization
Shuttle
Gather
Welcome
Concerts
Worship
Parking
Soundproofing
Active
Recording
Art
Performance
Incubator
Social
Entryway
Partner
Lounge
Multipurpose
Entrance
Culture
Summer
Rental
Concert
Music
Restoration
Film
Resource
History
Experience
Preservation
Equipment
Youth
Entertainment
Theater
Creative
Elevator
Greenspace
Gateway
Safety
Coffee
Showcase
Community
Workshops
Open

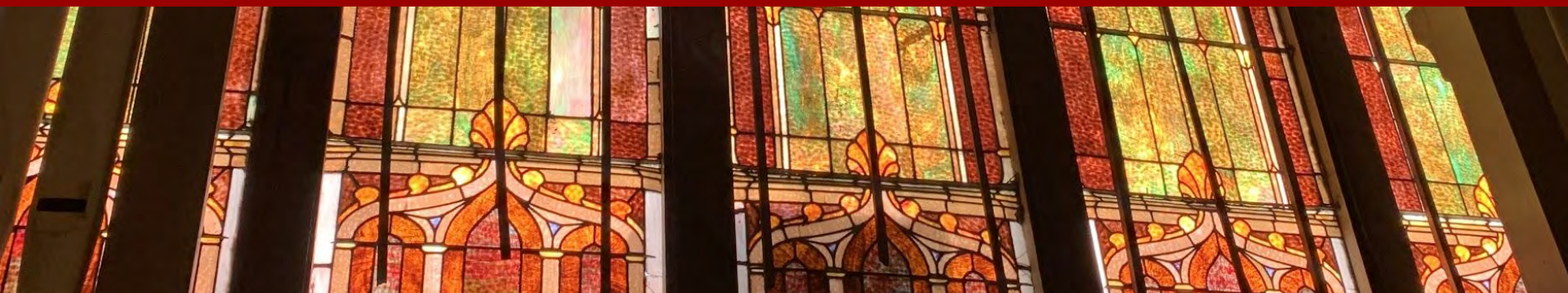


THANK YOU





APPENDIX





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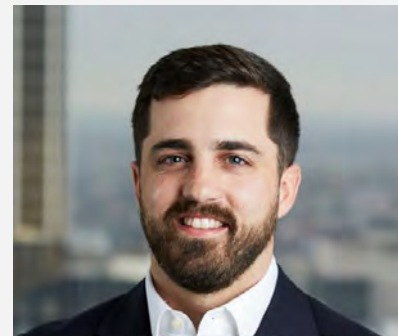


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TEAM CONTACT



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Park Street Church Financing SWOT

— — —

Strengths

- Institutionally owned asset
- Private university with procurement & partnership flexibility
- Programmatically agnostic

Opportunities

- Multiple sources of financing available
- “Blue Sky” programming (anything is possible)
- Unique architecture and space design
- Location within AUC and Atlanta visibility

Weakness

- Historic structure fallen into disrepair
- Cost for rehabilitation and incorporation of programmatic spaces
- Transit accessibility and parking agreements
- Distance from CAU campus

Threats

- Potential eyesore and safety concerns
- Competing event space venues
- Distraction from core institutional functions of education
- Deal structure complexity

Opportunity Zones

- New community and economic development tool that aims to **drive long-term private investment** into low-income communities throughout the country.
- The program was established by Congress in the Tax Cuts and Jobs Act of 2017 and encourages investors with recently realized capital gains to invest in local businesses, real estate, or development projects.
- A temporary tax deferral for capital gains reinvested in an Opportunity Fund.
 - 5-year (10% step up in basis), 7-year (15% step up in basis) and 10-year (permanent exclusion from taxable income on capital gains from the sale of the investment)

*OZ projects must be owned and developed as **For Profit** entities and a return on capital is expected by investors in the Opportunity Fund. This makes it difficult for a Non-Profit, like CAU, to maintain control.*

Designated Qualified Opportunity Zone

Area

Value

13121004300 (Census

Tract, 2010)

Designated
Qualified
Opportunity
Zone

Joel Chandler
Harris Homes

Norcross St Sw

Park St Sw

Oak St Sw

20

20

20

Fulton St Sw

Whitehall Ter S

McDonnell

Whitehall St Sw

Peters St Sw

Fair St Sw

Frank St Sw

Fair St Sw

Ashby Grv Sw

Lawton St Sw

Rosser St Sw

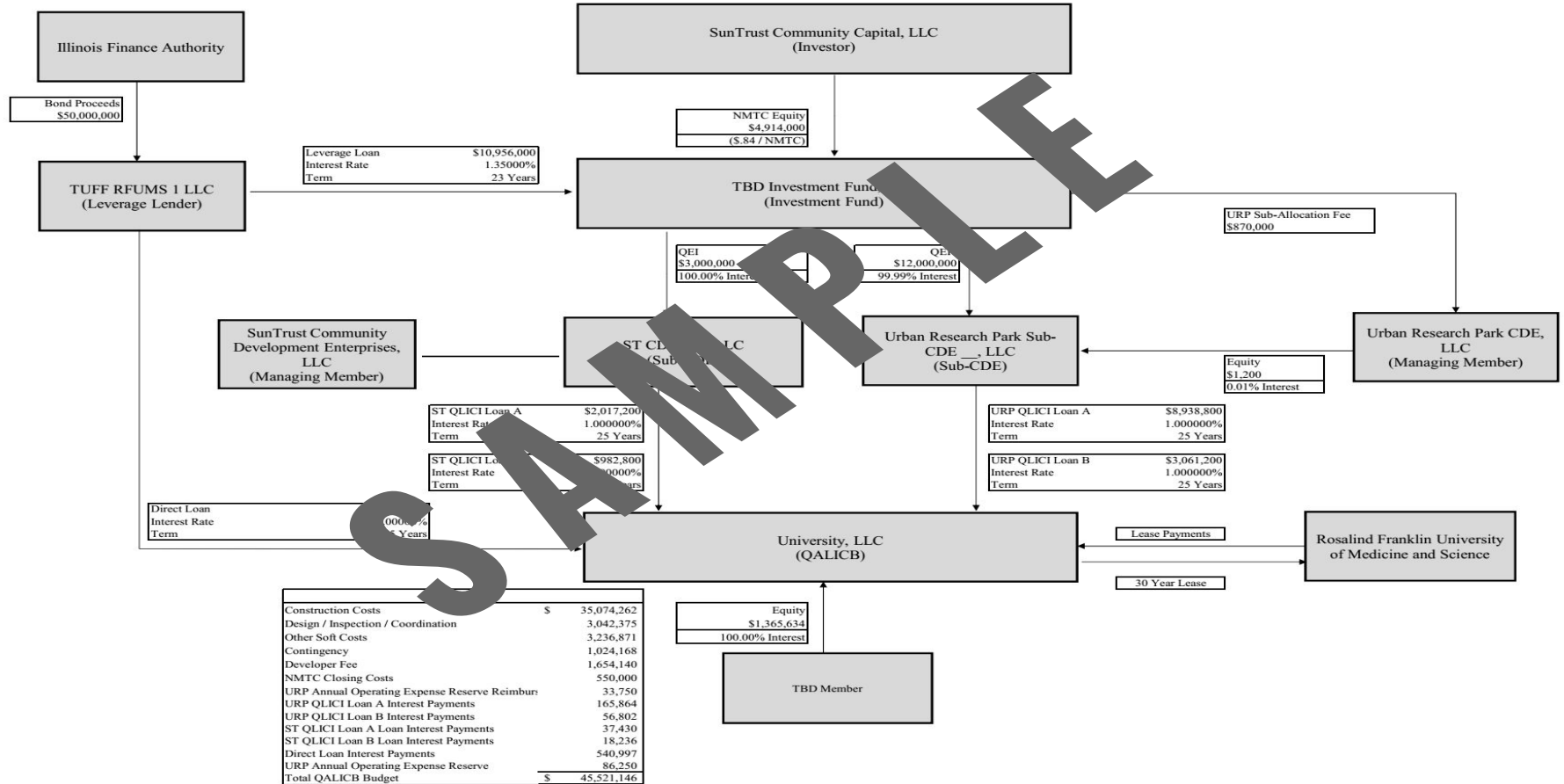
Beckwith O

Nelson St Sw

Norfolk Southern

West Dr Sw

Tax Credits & Zones Get Complicated Quickly



HTC Qualified Expenses

Expenses that Qualify for the Rehabilitation Tax Credit

Any expenditure for a structural component of a building will qualify for the rehabilitation tax credit. Treasury Regulation 1.48-1(e)(2) defines structural components to include walls, partitions, floors, ceilings, permanent coverings such as paneling or tiling, windows and doors, components of central air conditioning or heating systems, plumbing and plumbing fixtures, electrical wiring and lighting fixtures, chimneys, stairs, escalators, elevators, sprinkling systems, fire escapes, and other components related to the operation or maintenance of the building.

In addition to the above named "hard costs", there are "soft costs" which also qualify. These include construction period interest and taxes, architect fees, engineering fees, construction management costs, reasonable developer fees, and any other fees paid that would normally be charged to a capital account.

Costs associated with these items are generally eligible

- Walls
- Partitions
- Floors
- Ceilings
- Permanent coverings, such as paneling or tiles
- Windows and doors
- Components of central air conditioning or heating systems
- Plumbing and plumbing fixtures
- Electrical wiring and lighting fixtures
- Chimneys
- Stairs
- Escalators, elevators, sprinkler systems, fire escapes
- Other components related to the operation or maintenance of the building

Expenses that do not qualify for the rehabilitation tax credit

- Acquisition costs
- Appliances
- Cabinets
- Carpeting (if tacked in place and not glued)
- Decks (not part of original building)
- Demolition costs (removal of a building on property site)
- Fencing
- Feasibility studies
- Financing fees
- Furniture
- Landscaping
- Leasing Expenses
- Moving (building) costs (if part of acquisitions)
- New construction costs or enlargement costs (increase in total volume)
- Outdoor lighting remote from building
- Parking lot
- Paving
- Planters
- Porches and Porticos (not part of original building)
- Retaining walls
- Sidewalks
- Signage
- Storm sewer construction costs
- Window treatments

Dumas Center for Artistic & Cultural Development

- <https://www.downtownroanoke.org/go/dumas-center>
- https://www.roanoke.com/business/news/roanoke/roanoke-judge-dismisses-buyer-s-injunction-in-dumas-center-sale/article_dc08ab4e-3ebf-5a3d-8b92-686993b6cbdb.html

Beaux Arts Center

- <https://talkbusiness.net/2019/03/historic-downtown-fort-smith-theatre-set-for-8-million-in-renovation-work/>

Howard Theatre

- <http://thehowardtheatre.com/>
- https://en.wikipedia.org/wiki/Howard_Theatre
- <https://www.yelp.com/biz/howard-theatre-washington>
- <https://dc.curbed.com/2018/3/9/17100066/howard-theatre-lawsuit-racine>

The Attucks Theatre

- <https://www.sevenvenues.com/attucks100>
- <https://www.downtownnorfolk.org/go/attucks-theatre>
- <http://livasgroup.com/portfolio/attucks-theatre/>

Construction Cost Estimation Chart

<https://www.rsmeansonline.com/references/unit/refpdf/hci.pdf>