

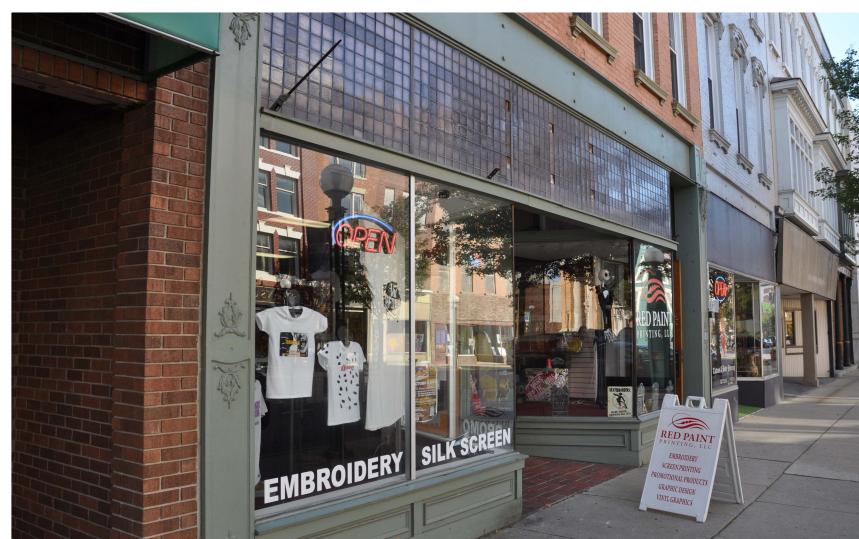
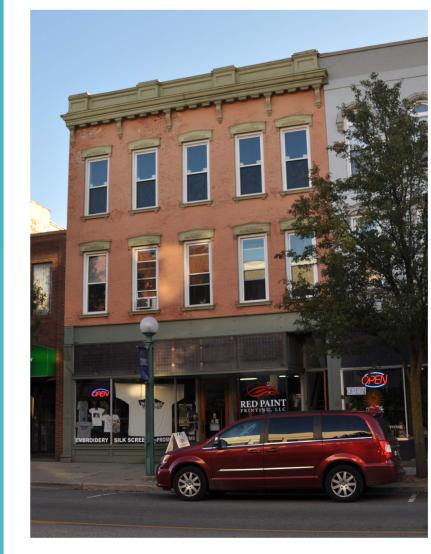
Michigan Municipal League

Main Street

Community Partnership



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Better Communities. Better Michigan.



PROJECT DETAILS:

NAME:

Main Street
Community Partnership

LOCATION:

Adrian

DATE:

2012-Present

CATEGORIES:

Economic Development

INSPIRATION:

How can a group of civically minded individuals take control of the future of main street building and spur economic development in their city?

THE GIST:

Twenty-two Adrian residents, civic and business leaders pitched-in equal amounts of money to buy a long neglected and significant mixed-use building on their main street.



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PROJECT SCOPE:

Overview:

Inspired by a presentation about the power of investing in your own community instead of Wall St, a group of 22 Adrian residents and leaders chipped in funds to buy and rehab a historic but long-neglected structure on their main street.

It was a presentation by Amy Cortese, the author of *Localvesting*, that inspired four local business and civic leaders to get together and identify ways they could promote greater investment in their own community. The group identified the soon-to-be-foreclosed mixed-use building at 120 E Maumee. The building had not been maintained to the standards they expected of a prominent downtown building, nor was it being best utilized as a mixed-use building offering quality housing. The initial group of four decided to approach ten other individuals a piece to an informal meeting over coffee to discuss their idea, the need, and gauge others' interest. Out of these initial meetings, twenty-two people agreed to invest two thousand dollars each into a limited-liability partnership with the purpose to acquire and redevelop the property.

The individual investments and the collateral provided by the original four investors was enough to secure a mortgage from a local bank that covered the cost of acquisition and rehabilitation of the structure. In the year since acquiring the building, the group has improved the condition of most of the apartments, found higher quality tenants, and expanded the first floor retail.



Accomplishments:

- Got over 20 local residents to agree to invest in an under-utilized, 7,400 sq ft building on Main Street.
- Made façade and structural improvements to the building to ensure its long-term viability while enhancing its appearance and that of downtown as a whole.
- Provided a stable landlord to a long-term and expanding first floor retailer. Have structured an option for the retailer to acquire ownership of his space over time.
- Updated second floor apartments, improving the housing stock and quality of renters in downtown Adrian.
- Through the donated work of partners, the project has been able to exceed initial financial projections.

Budget:

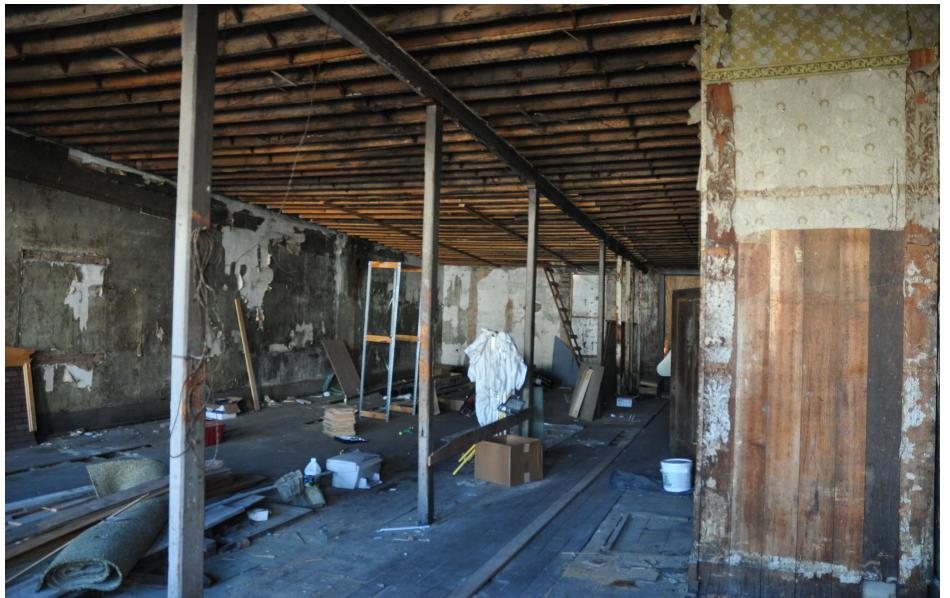
The building was acquired for \$80,000. The group secured a \$60,000 mortgage to make improvements to the building.

Organization:

The partnership is organized under a limited-liability corporation. The group is structured around a four-person management group that oversees the improvements and the management of the building. The 22-person group meets regularly to discuss the progress of redevelopment and status of tenants.

Equipment:

Professionals were contracted for façade work but most general contracting was overseen by partners who had building experience, in order to keep costs down.

**Participants:**

The investors are a diverse group of civically minded individuals ranging in age from their 30's to 70's and include local business owners, retirees, city councilman, and other residents who had \$2,000 to invest and were not expecting an immediate return on their investment.

Actions Taken:**1) IDENTIFY THE NEED:**

First step is recognizing a problem building and deciding if it is an important project to the viability of the community. If this property is in better condition and under better ownership, would it markedly improve your community and surrounding areas?

2) DEVELOP A CORE GROUP:

At the heart of any large ownership group is a small core of dedicated individuals committed to seeing the project through and in the process taking on more responsibility and potentially greater risk. In Adrian, it was four individuals who have been the key leadership of the project and LLC, and who pledged to back the mortgage. This core group is responsible for setting the general goals of the project to be presented to potential partners.

3) IDENTIFY POTENTIAL MEMBERS:

The core group needs to identify other civically minded individuals in the community who want to see good things happen in their community and have the ability to make investments without the guarantee of an immediate return. It is also helpful to identify potential partners that not only bring money but beneficial skills and connections, such backgrounds in construction or lending.



4) INFORMATIONAL MEETINGS:

Once the core group has reached out to potential members, start holding frequent and informal meetings to discuss the potential project, what members would want to see out of the project as individuals and as a community, as well as ways to make the project as successful as possible.

5) DUE DILIGENCE:

Like any real estate project it is important to study the viability of the actual structure and ensure that its redevelopment is financially possible.

6) LOCK DOWN PARTNERS AND PROCEED:

Once the property has been surveyed and a financial pro-forma has been constructed by the core group, present the findings to the potential investors. At this point it is important to quickly determine who will be participating in the project and for them to financially commit to the group. Once your partners have made their financial contributions, proceed with acquisition and redevelopment.

7) STAY IN TOUCH:

It is essential to the success of the project to keep the members of your group abreast of all pertinent things pertaining to the project. Hold regular meetings to inform them of progress on the projects and future plans, as well as allow opportunities for input as decided by the group when the LLC was formed.

Lessons Learned:

- Your investors have to be city-minded individuals who truly believe in your downtown. You should be confident in the investment like any other financial undertaking, but it's important that everyone understand that the driving force behind the project is as much, if not more so, improving your city as profit.
- Keep everyday decision making to as small a group as possible but create formal mechanism for individual investors to weigh-in on large decisions and continue to feel a sense of ownership.
- Make sure the core group comes to an agreement on the size of the overall ownership group that they are comfortable with. While it is great to have a large group of individuals who are financially invested in making the project a success and have resources beyond finances to contribute, too many cooks in the kitchen, even if they don't have a formal leadership role, has the potential to be overbearing.

Documents:

The 120 E Maumee LLC's Operating Agreement is available upon request.

Contact:

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The Center for 21st Century Communities

Building 21st century communities

Experts from around the world—in academic, business, and public sectors alike—agree that investing in communities is a critical element to long-term economic development in the 21st century. Michigan's future depends on its ability to attract and retain knowledge-based workers. Central to attracting this priceless commodity is *place*. Research proves that successful 21st century communities effectively leverage the assets summarized in this brochure. Learn more and stay engaged at mml.org.

Who we are...

The Michigan Municipal League is the one clear voice for Michigan communities. We are a nonprofit, but we act with the fervor of entrepreneurs; our people are dynamic, energetic, and highly approachable, passionately and aggressively pushing change to achieve better communities and a better Michigan.

What we know...

Never before have so many diverse interests, from academic researchers to the business community to government leaders, shared a single conclusion: Michigan's future depends on its ability to attract knowledge-based workers. And what is central to attracting this priceless commodity? *Place*, specifically vibrant 21st century communities.

What we offer...

Through its Center for 21st Century Communities (21c3), the League provides education, technical assistance, public outreach, and unprecedented access to experts and resources. The 21c3 is a “one-stop-shop” for communities interested in creating and sustaining livable, desirable, and unique places that attract the highly skilled, creative, and talented workforce of the next century.



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