

Conversations with Outside Developers

As part of the reuse study process, team members interviewed two developers who had investigated the possibility of rehabilitating the 1918 School building for new uses.

Construction Collaborative

In May, 2007, the Construction Collaborative, a design/build firm from Rochester, completed a cursory evaluation of the building's redevelopment potential. According to project manager Brent Graunke, the Collaborative briefly considered acquiring the property and rehabilitating it either to house "a government entity," or reconfiguring the building for use as an "elder care/assisted living" facility. Noting that the firm completed no schematic designs, factored in no incentive programs, and assembled only "very rough" cost estimates and cash flow projections, Graunke said that firm concluded that "the numbers were questionable," and did not pursue the project further.¹

Allman & Associates

In 2007-2008, Allman & Associates, an experienced developer of historic properties from Rochester, prepared schematic drawings and preliminary financial projections as a means of evaluating the possibility of rehabilitating the 1918 building for use as apartment housing, with the gymnasium and cafeteria spaces serving as a daycare center. This scenario, which is reproduced below, postulated the creation of twenty-one apartment units. The scenario assumed no costs to acquire the building, and would have drawn on incentives including county conduit bonds and the federal rehabilitation tax credits. No further work has been completed on the project since then.

In a telephone interview completed as part of the reuse study, principal Jeff Allman outlined a long list of federal and state incentive programs that could be leveraged to make such a project viable. He noted that, while a housing option appeared to offer the best opportunity for successful redevelopment, the design of the building would also work for use by light industry. Noting the high vacancy rate in Kasson's central business district, Allman indicated that commercial reuses did not appear likely to succeed. He also stated that though the firm is not prepared to participate as an equity investor in such a project, it does remain "interested in participating as engineers, developers, preservationists, and well wishing bystanders."²

¹ Brent Graunke, telephone conversation with John Lauber, 14 October, 2009.

² Jeff Allman, telephone conversation with John Lauber, 14 October, 2009; e-mail correspondence from Jeff Allman to John Lauber, 19 October 2009.

**Allman & Associates
Apartment Reuse of the Kasson School
Schematic Plans, 2008**



Courtesy of Jeff Allman. Used with permission

Allman & Associates
Apartment Reuse of the Kasson School
Preliminary Financial Projections, 2008

SOURCES AND USES OF CAPITAL – Thousands			
<u>Uses</u>		<u>Sources</u>	
Land	\$ 0	County Conduit Bond 60% L/V	\$1452
Furniture, Fixtures, Equip, Soft Costs	\$ 350	Historic Tax Credit 85% of 20%	\$ 400
Construction 21 apts @ \$80K/each	\$1680	Fund Raising / Owner Equity	<u>\$ 568</u>
No buildout of gym area, no tuckpointing			
Contingency 10%	\$ 170		
Developer Fee 10%	<u>\$ 220</u>		
Total	\$2420		\$2420 K
ANNUAL INCOME STATEMENT – Thousands			
<u>Income</u>		<u>Expense</u>	
Rent 21 apts @ \$700/month, 7% Vacant	\$164	Common Area Utilities	\$ 9
Gym and cafeteria become day care,		Maint, Supplies, Snow, Lawn	\$ 10
Tenant pays TI	\$ 18	Insurance	\$ 5
Vending & Laundry	<u>\$ 5</u>	Property Taxes – TIF	\$ 0 —
		Property Mgmt, Taxes, Audits 10% of rents	\$ 19
		Debt Service \$1.45M, 4.5%, 20 yr,	\$110
		Contingency/Pay Owner	<u>\$ 34</u>
Total	\$187 K		\$187 K

Courtesy of Jeff Allman. Used with permission.