



CITY OF PORT HURON  
PROPOSED APPLICATION FOR SECTION 108 GUARANTEED LOAN  
IN CONNECTION WITH BROWNFIELD ECONOMIC DEVELOPMENT INITIATIVE  
SPERRY'S BUILDING - BEDI-FY09-SECOND

PROJECT DESCRIPTION:

Landmark Development, L.L.C., a private developer, along with the City of Port Huron, wishes to purchase the Sperry's Building, a St. Clair County landmark since 1922. The former retail building is located within an approved Brownfield area in the City of Port Huron and along M-25. The building has been vacant for several years, has several environmental concerns, and is in danger of facing demolition by neglect. Due to its current condition, the building has been cited as a blighted structure.

The restoration of this beloved 60,000 square foot, three story building will:

- Eliminate a blighting influence in the heart of St. Clair County along popular M-25.
- Eliminate environmental hazards such as asbestos and lead.
- Preserve a historic building in accordance with the Secretary of Interior's Standards.
- Create approximately **135** new jobs, of which more than 60% will benefit low or moderate income individuals.
- Retain approximately **60** existing jobs that will be relocated to the site. More than 51% of those jobs currently benefit low or moderate income individuals.
- Provide **15+** incubator sites for entrepreneurs and their support staff. This will be the first major incubator site within the county.
- Transform a vacant, abandoned building into a regional restaurant, bookstore, medical care facility, attorney offices, entrepreneur's incubator space a venue for community events with outdoor café' and functional green roof.
- Provide job-training partnerships with St. Clair County Community College, which is located across the street from the Sperry Building.
- Provide at a minimum, a Silver LEED Certification and promote energy efficiency and conservation in a historic building through rehabilitation and retrofitting of the existing site.
- Provide temporary construction jobs and temporary specialized craftsman jobs due to the historic renovations and the use of green building technology.
- Provide an educational opportunity to local community college students working and studying alternative energy and green technology.
- Adhere to a quick timeline for completion. **Project will/can begin as soon as approval of this application is received and be completed within a 12 month period.** Option to purchase, environmental reports, application for Historic Tax Credits, New Market Tax Credits, private investment, engineering plans, and architectural renderings are in place. Local partners such as the County, the Community Foundation of St. Clair County, the City of Port Huron and the Downtown Development Authority have already expended funds and staff support for the project as well as, other soft costs.
- Provide for true community wide collaboration and leveraging of resources (both financial and administrative) through private investors, federal, state and local governmental entities, countywide organizations such as the St. Clair County Community College and the Community Foundation of St. Clair County and the public.

AMOUNT REQUESTED:

\$1.5 MILLION

The City has been approved for the BEDI in the amount of \$1 million. The funding is to include acquisition of the building, site preparation and will include remediation of environmental issues, rehabilitation and restoration of the building to accommodate new business ventures and creation/retention of approximately 195 jobs. Renovations will include replacement of the antiquated and inefficient mechanical systems, restore windows and doors to meet energy efficiency needs, retain the historic elements of the building, and to construct a green roof that is both educational and functional for community events. The Sperry's building project will have a total investment of nearly 12 million dollars, (9.5 million of leveraged funds) will provide more than just a face-lift on an iconic building within the region, but will provide a much needed boost to our local economy and community spirit.

#### ELIGIBLE ACTIVITIES AND CDBG NATIONAL OBJECTIVES:

The use of BEDI funds qualify as an eligible activity under CFR 570.703(a) – acquisition of unimproved real property in fee, including acquisition for economic development; and 570.703(i)(1) – economic development activities governing the Section 108 guaranteed loan program. Specifically, the requested funds will be used for the purchase and transfer of the site to the developer with a development agreement and lien in place for assurance of project performance and collateral on the Section 108 Loan proceeds.

The use of the proposed Section 108 Loan funds will be in accordance with Section 570.703(f)(2) and (i)(a) – reconstruction and remediation of environmental contamination and rehabilitation of the structure for economic development. The estimated costs for asbestos and lead remediation according to AKT Peerless Environmental Services are approximately \$500,000. This will require removal of walls, mechanical systems, ceilings and floors.

The Sperry's building project meets all THREE of the National Objectives:

- ▶ Section 570.208(a)(1)(i); 570.208(a)(2)(i); Benefit to a Low/Moderate Income area. The project is located within a census tract (CT 6250) that is 60% L/M and the surrounding neighborhoods that the downtown serves which are also over 70% L/M per HUD Data.
- ▶ Section 570.208(a)(4)(i); Direct Benefit to L/M. Over 60% of the jobs created and retained will benefit L/M. This is based upon the known and anticipated rates, employment positions and knowledge of the local employment market.
- ▶ Section 570.208(b)(2); Blighting Influences. Renovation of the vacant building, which has already been cited by the code enforcement inspector several times for blight conditions.

#### CITIZEN PARTICIPATION FOR PUBLIC HEARING & PUBLICATION OF THE APPLICATION:

A public hearing has been scheduled for Monday, September 27, 2010 for comment on the proposal and all comments will be incorporated into the application. Publication of the proposed application will occur at least one week prior to the public hearing and prior to a formal submission of the application to the local Detroit field office.

#### PREPARATION OF THE FINAL APPLICATION:

The final application will be completed after all comments and written correspondence are received and reviewed on or after October 12, 2010.

#### INCLUSION IN THE CONSOLIDATED PLAN:

All related documents will be included into the City's Consolidated Plan (2010-2014) and the 2010 Annual Action Plan.

#### SCHEDULE FOR REPAYMENT:

Repayment by the developer will be within a time frame of no less than ten (10) years and no more than twenty (20) years at the established LIBO base rate plus applicable points.

#### CERTIFICATIONS:

All necessary certifications will be included in the application.

Any questions or comments may be directed to the Community Development office at 810-984-9735 or in writing to the City of Port Huron, Community Development, 100 McMorran Blvd., Port Huron, MI 48060. The proposed application is also available viewing at the City Clerks Office, 100 McMorran Blvd and the St. Clair County Library, 201 McMorran Blvd., and the City of Port Huron website – [www.porthuron.org](http://www.porthuron.org).

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