
ULI Rose Center *presents*
**Preserving and Repurposing Industrial Land
for Economic Development**

**A review of the challenges and opportunities for
communities redeveloping automotive industrial sites**



Daniel Rose Center for Public Leadership in Land Use

Alison Johnson
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- **Welcome**
 - ULI Rose Center
 - Who we are/what we do
 - Webinar instructions
 - Webinar

ULI Rose Center

Mission:

“. . . to encourage and support excellence in land use decision making. By providing public officials with *access to information, best practices, peer networks* and other resources, the Rose Center seeks to foster creative, efficient, practical, and sustainable land use policies.”



Daniel Rose
*Chairman, Rose Associates;
ULI Foundation Governor*

Fall Meeting events

Wed., October 17

- **Cracking the Regional Nut: Transportation Planning, Funding, and Voting**

3:00- 4:15pm, Colorado Convention Center

Thurs., October 18

- **Innovative Placemaking: Adding Value to your Communities Through Art**

11:15- 12:30pm, Colorado Convention Center

- **Mayors' Forum on the role of public-private partnerships in city building**
 - **Public/Private Partnership Practitioners' Panel** 2:30-3:45p
 - **Mayors' Panel on Public/Private Partnership** 4:00-5:30p
 - **Public Officials Reception** 5:30-6:30p

Embassy Suites Denver Downtown/Convention Center
Crestone Ballroom (3rd Floor)
1420 Stout Street

Download the
['ULI Fall Meeting 12'](#)
app!



Mayors' Panel moderator:
Henry Cisneros, Founder and
Chair, CityView, Los Angeles,
CA
Former Secretary of Housing
and Urban Development (1993-
97) and Mayor of San Antonio
(1981-89)

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How this webinar works:

- Webinar audio information:
 - **Dial-in #: 866.404.3683**
 - **Conference code: 1496305939**
- All callers are muted during the presentation
 - To prevent any audio disruption, please mute your individual line by pressing *6. You can un-mute your line by pressing #6.
- To ask a question-
 - During the presentation, type your question into the *Question* or *Chat* box, the moderator will review and present your questions to the panelists.
 - There will be time for questions at the end of the presentation.



Valerie Sathe Brugeman

Project Manager, Sustainability and Economic Development
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Clermont County, OH
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Repurposing Former Automotive Manufacturing Sites

Center for Automotive Research

Valerie Sathe Brugeman

25 September 2012



Background

- White House Office of Recovery for Auto Communities and Workers / U.S. Department of Labor commissioned the study
- Deliverables included:
 - Database of all closed and repurposed automaker manufacturing facilities since 1979
 - In-depth case studies of seven locations
 - Final summary report



Image Source: Center for Automotive Research

Overall Numbers

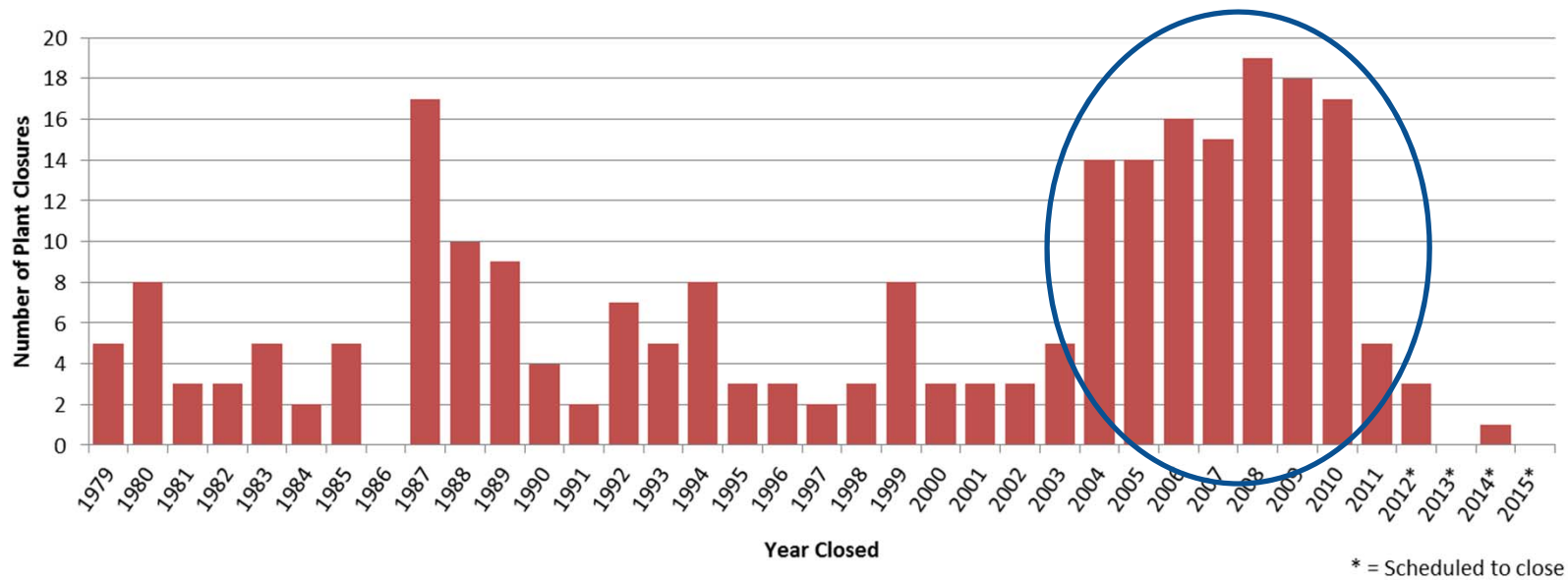
- Since 1979...
 - **447 automaker facilities** have been in operation
 - **267** have closed
 - **128** have been repurposed / are transitioning

OVERALL TRENDS IN CLOSED FACILITIES



U.S. Automotive Plant Closures by Year: 1979-2015

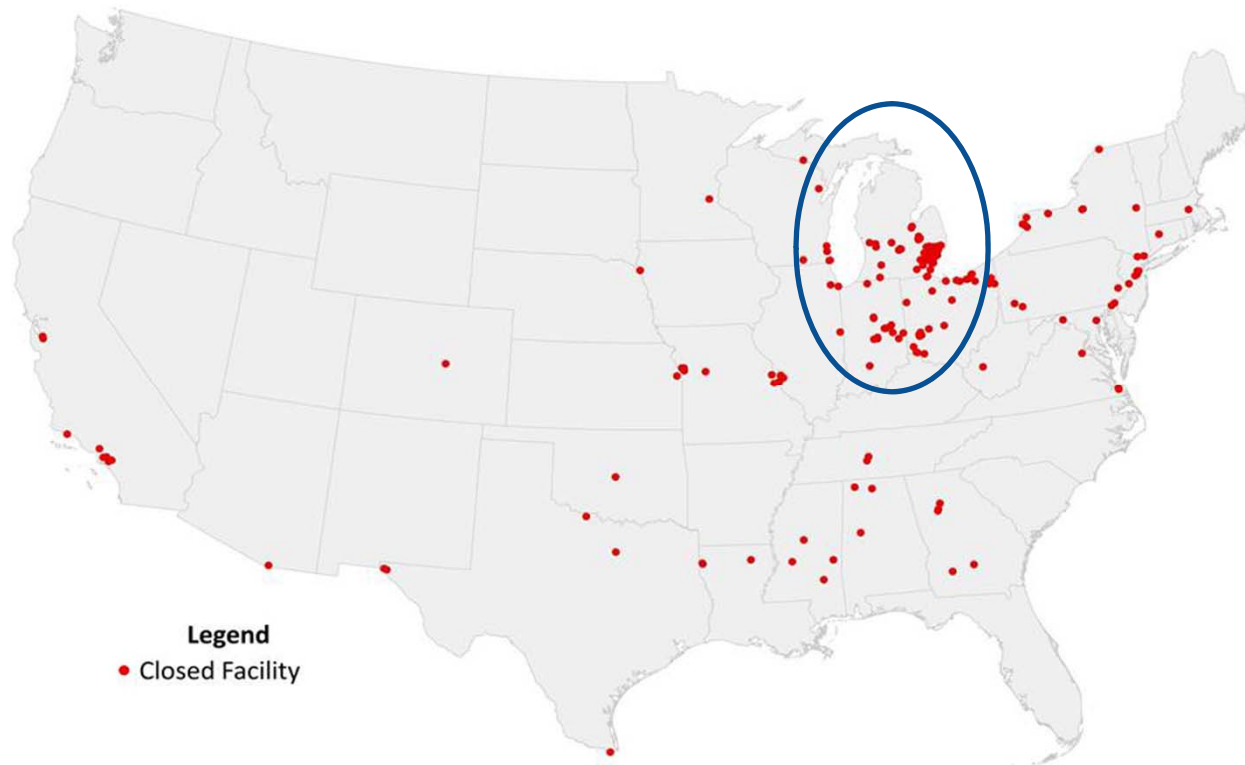
- 48% of closures occurred between 2004-2011



Source: Center for Automotive Research

U.S. Automotive Plant Closings Since 1979

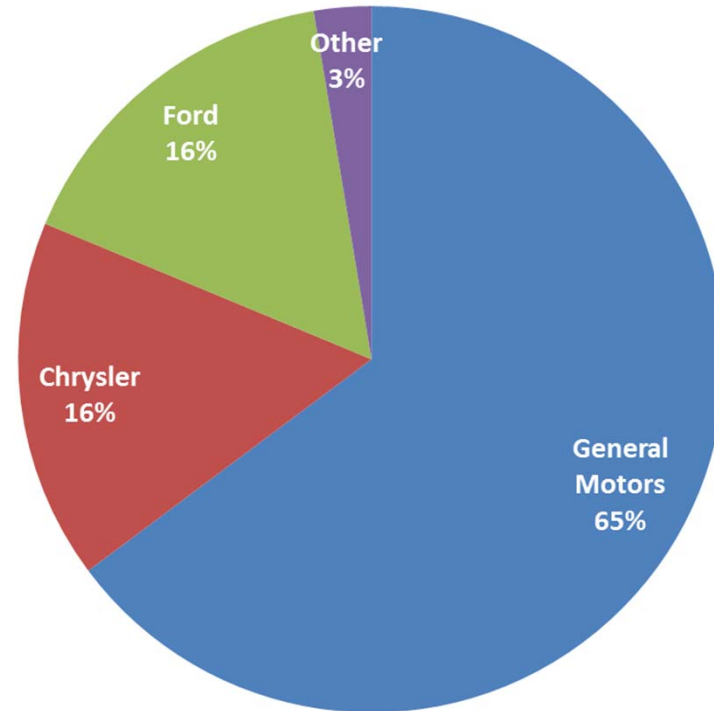
- 65% of closures (173) are located in Michigan, Ohio, and Indiana



Source: Center for Automotive Research

Percentage of Closed Facilities by Automaker

- General Motors had the most plants operating, and also the most closed: 173
- Chrysler: 44
- Ford: 43
- Volkswagen: 3
- Avanti Motors: 2
- NUMMI: 2



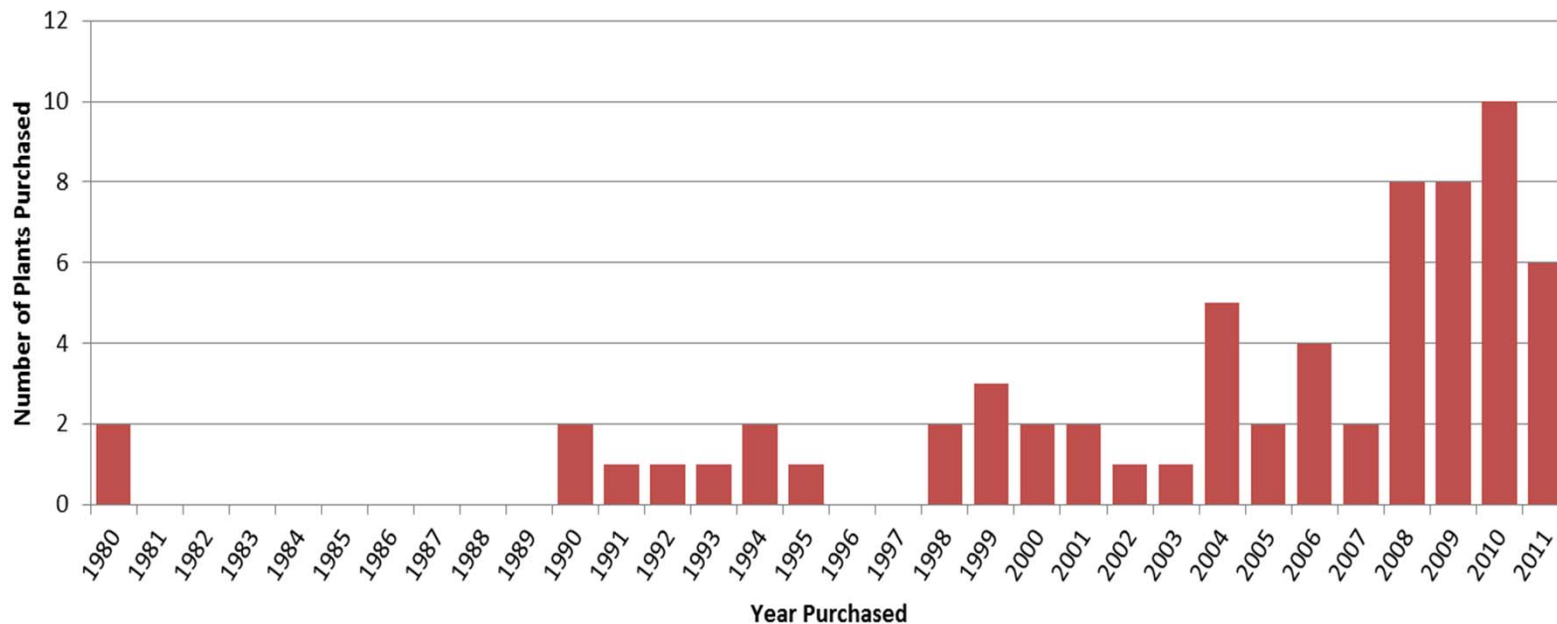
Source: Center for Automotive Research

OVERALL TRENDS IN REPURPOSED FACILITY SITES



Sites Purchased for Repurposing by Year: 1980-2011

- The majority of sites have been purchased for repurposing in the 2000s and 2010s



Source: Center for Automotive Research

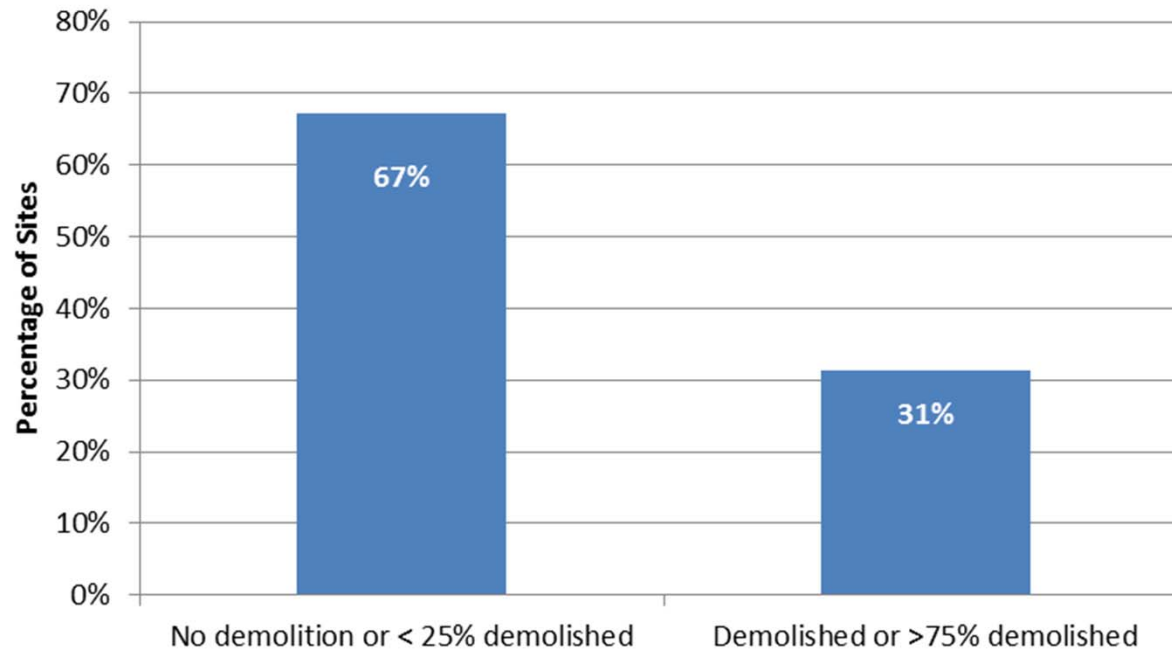
Repurposed Use Categories

Type of Reuse	Number of Sites
Industrial	76
(Automotive Manf.)	(22)
Logistics and Warehousing	33
Commercial	31
Education	8
Research and Development	8
Automotive (Non-Manf.)	6
Vacant	6
Recreational	5
Government	4
Residential	4

Source: Center for Automotive Research

Standing Building vs. Demolition

- Two-thirds of the repurposed sites either had no previous building demolition or less than 25% demolition



Source: Center for Automotive Research

Jobs Potential

- On average, 260 jobs were created at each repurposed site



Image source: workplacepsychology

Government Involvement

Federal:

- Environmental Protection Agency
- Department of Housing and Urban Development
- American Recovery and Reinvestment Act 2009
- Department of Commerce
- Department of Agriculture
- Department of Transportation
- Army Corp of Engineers
- Revitalizing Auto Communities Environmental Response (RACER) Trust

State and Local:

- Brownfields programs
- CDBG
- Enterprise/Renaissance Zones
- Tax abatements, credits increment financing
- Grants
- Loans

Other:

- Local or regional foundation assistance
- New legislation passed

CLOSED AND REPURPOSED PLANT SITE COMPARISONS



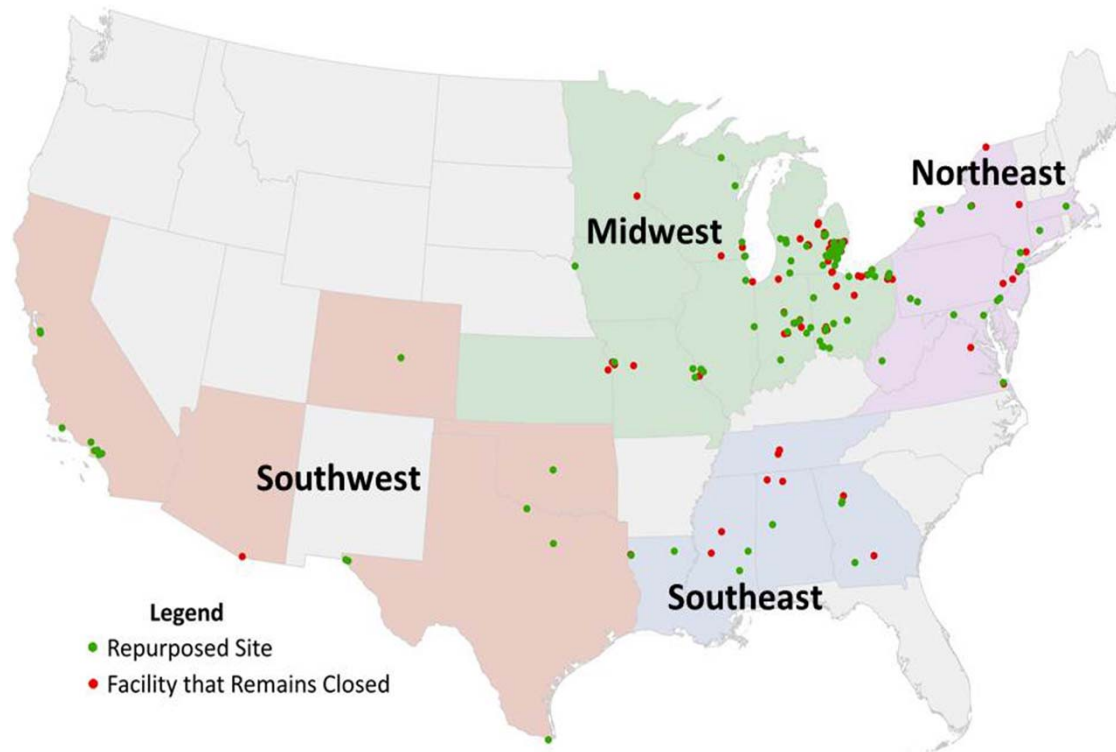
Geographical Comparison of Facilities that Remain Closed and Repurposed Sites



Source: Center for Automotive Research

Closed and Repurposed Facilities by Region

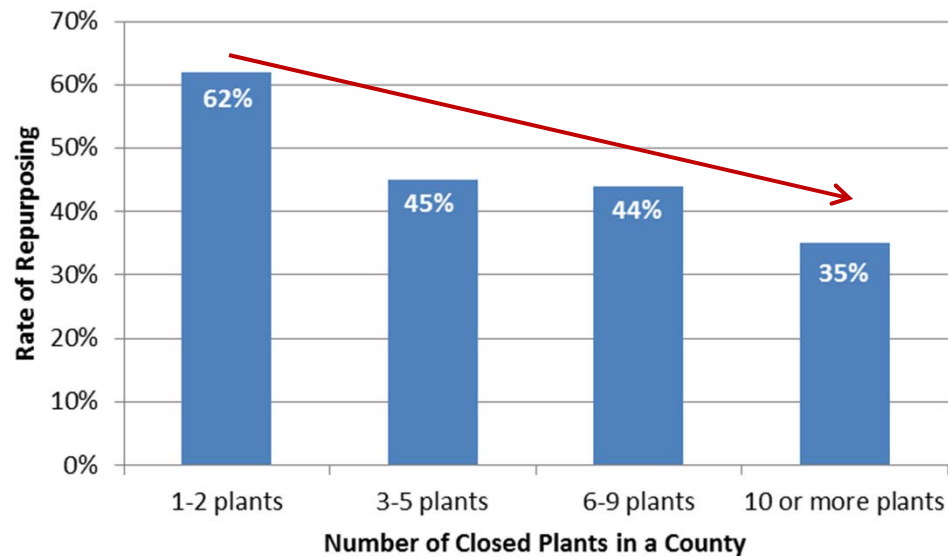
- Midwest region has a repurposing rate of 40%
- Texas and California have a repurpose rate of 100%



Source: Center for Automotive Research

County Statistics and Rate of Repurposing

- Rates of repurposing were **higher** in counties with lower unemployment and population growth
- Rates of repurposing were **lower** in counties with a high density of closed plants



Source: Center for Automotive Research



CASE STUDIES – LESSONS LEARNED



Former Auto Manufacturing Facilities – A Closer Look

- Baltimore, MD
 - GM Assembly now Chesapeake Commerce Center
- Batavia, OH
 - Ford Transmission now UC Clermont East Campus and other manf.
- Coopersville, MI:
 - Delphi Fuel Injector Plant now Continental Dairy Powdered Milk manf.
- Doraville, GA
 - GM Assembly – still undeveloped
- Kenosha, WI:
 - Chrysler Assembly now HarborPark Development
- Sleepy Hollow, NY:
 - GM Assembly – still undeveloped
- South Gate, CA:
 - GM Assembly now three public schools and other industrial uses

Group Effort

- Broader support is imperative to communities as they seek redevelopment opportunities
- A focused, regional team is ideal to attract attention for the property



Former GM plant site in Sleepy Hollow, NY



Building additions at the former Delphi Plant in Coopersville, MI

Community Engagement

- Involving a community in development plans was helpful in several case studies
- Process takes longer, but avoids delays and confusion later



View of HarborPark development in Kenosha, WI

Understanding Local Politics

- Most development decisions are made at a local-level, therefore understanding how things work at that level is important



Doraville Assembly Plant and employee parking lot

Customizing Local and State Policies

- The ability of local and state representatives to think out-of-the-box, and amend policies when appropriate



*Kenosha Public Museum on site of Chrysler Plant.
Source: Kenosha City Development*

CONCLUSIONS



Conclusions

- Policymakers can consider :
 - Large number of closures in the last decade warrant comprehensive community assistance
 - Target assistance to communities with:
 - Decreasing population
 - High unemployment
 - High density of closed plants
- Communities can consider:
 - How best to employ the lessons learned from the case studies
- Report is located here: <http://www.cargroup.org/>
- Recently completed a repurposing study focused on Midwest auto communities



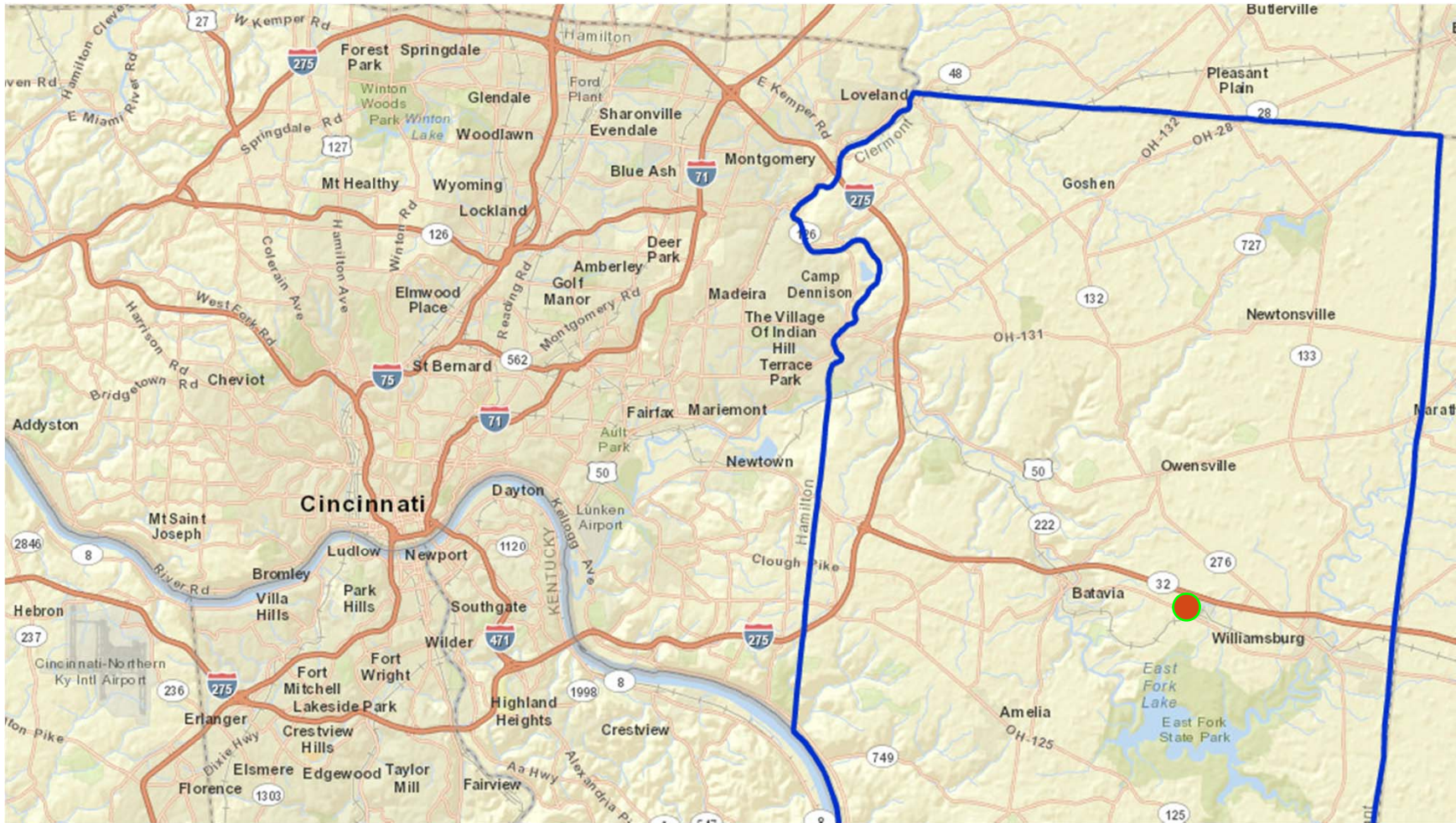
Clermont County, Ohio Case Study:
Ford Transmission Plant Redevelopment



Andy Kuchta
Director, Community & Economic Development
Clermont County, OH
Batavia, OH



Location



Ford Plant History



- ❑ Constructed in 1981 to produce front wheel drive passenger car transmissions
- ❑ Employed 2,500 at it's peak; 1,700 at time of closure announcement
- ❑ 1.8 million SF total with approximately 75,000 SF office space on 230 acres
- ❑ Coal fired boiler steam heat system
- ❑ Rail spur
- ❑ 19' clear height throughout except for 30' in the 300,000 SF heat treat area

Ford Plant Closure

- ❑ Closure announced in January 2006
- ❑ County spearheaded 3-prong task force:
 - ❑ Reverse Closure Decision
 - ❑ Assist Dislocated Employees
 - ❑ Reuse of Facility
- ❑ Employees were phased out over time with final shutdown August 2008

Finding a Buyer

- ❑ Ford marketed the facility nationally in 2009
- ❑ Only 6 developers toured the site and 3 submitted bids
- ❑ Only bid to be considered was from Industrial Realty Group (IRG)
- ❑ IRG is an LA-based development company with over 50 million SF of properties
 - ❑ Approximately 30 million SF in Ohio
- ❑ Several BIG problems:
 - ❑ It was 2009; no tenants; no lenders

Financing Package

- ❑ Developer needed \$3.5 million to acquire property, plus and additional \$2 million for emergency renovations
- ❑ County and developer initially told “no” by State of Ohio
- ❑ Called bond underwriter who worked with State Ohio Bond Enterprise Fund (OEBF) for over 20 years
- ❑ Sold the bond underwriter on County’s willingness to participate financially with \$2 million guarantee

The PROCESS

Event	Responsibility	Date
Revised Draft of Bond Documents & POS	Bond Counsel / Disclosure Counsel	Wednesday, December 23rd
County Allocates the Recovery Zone Bonds to the State	Clermont County / Bond Counsel / Treasurer	Prior to January 25th
Zoning Ordinance is Presented to Board	Company	
Conference Call - Status Update: 800-358-9352 pin# 5381778	All Parties	
Submit Package to Rating Agency	Baird	
All Final Comments due on Documents	All Parties	
Final Draft of Bond Documents and POS	Bond & Disclosure Counsel	
All Environmental Issues Satisfied	Company / Bond Counsel	
Conference Call – Status Update 800-358-9352 pin# 5381778	All Parties	
Receive Rating	Baird	
Print Preliminary OS	Baird / Disclosure Counsel	
Pre-Marketing Call: 800-358-9352 pin# 5381778	Treasurer / Underwriter / Baird	
Investor Presentations	Baird / Underwriter	
Market Bonds	Underwriter	
Zoning Permitted	Company	
Pre-Pricing Call: 800-358-9352 pin# 5381778	Treasurer / Underwriter / Baird / Comp	
Price Bonds	Treasurer / Underwriter / Baird	
Print Final OS	Disclosure Counsel / Baird	
Treasurer & ODOT Signatures	Baird / Treasurer / ODOT	
Pre-Closing	All Parties	
Closing / Funding	All Parties	

THE BORROWER

IRG Batavia I, LLC (the “Borrower”) is a limited liability company duly organized and validly existing under the laws of the State of Ohio. The Borrower has its headquarters in Akron, Ohio and is primarily owned by Stuart Lichter and Christopher Semarjian.

SOURCES AND USES OF FUNDS

The following are the estimated sources and uses of funds for the Project, including the use of Bond proceeds:

SOURCES OF FUNDS:

Bond Proceeds	\$4,490,000.00
Taxable Bond Proceeds	<u>1,645,000.00</u>

TOTAL SOURCES:

\$6,135,000.00

USES OF FUNDS:

Acquisition of Project Facilities	\$2,032,163.64
Acquisition of Project Site	1,467,836.36
Renovation of Project Facilities	2,000,000.00
Contingency	146,687.20
Original Issue Discount	42,294.55
Additional Company Closing Costs	55,000.00
Estimated Capitalized Interest - Bonds	181,125.50
Estimated Capitalized Interest – Taxable Bonds	53,380.25
Estimated Cost of Issuance of Bonds ⁽¹⁾	88,954.11
Estimated Cost of Issuance of Taxable Bonds	<u>67,558.39</u>

TOTAL USES:

\$6,135,000.00

(1) No Bond proceeds in excess of 2% of the sale proceeds of the Bonds will be used to pay costs of issuance for the Bonds.

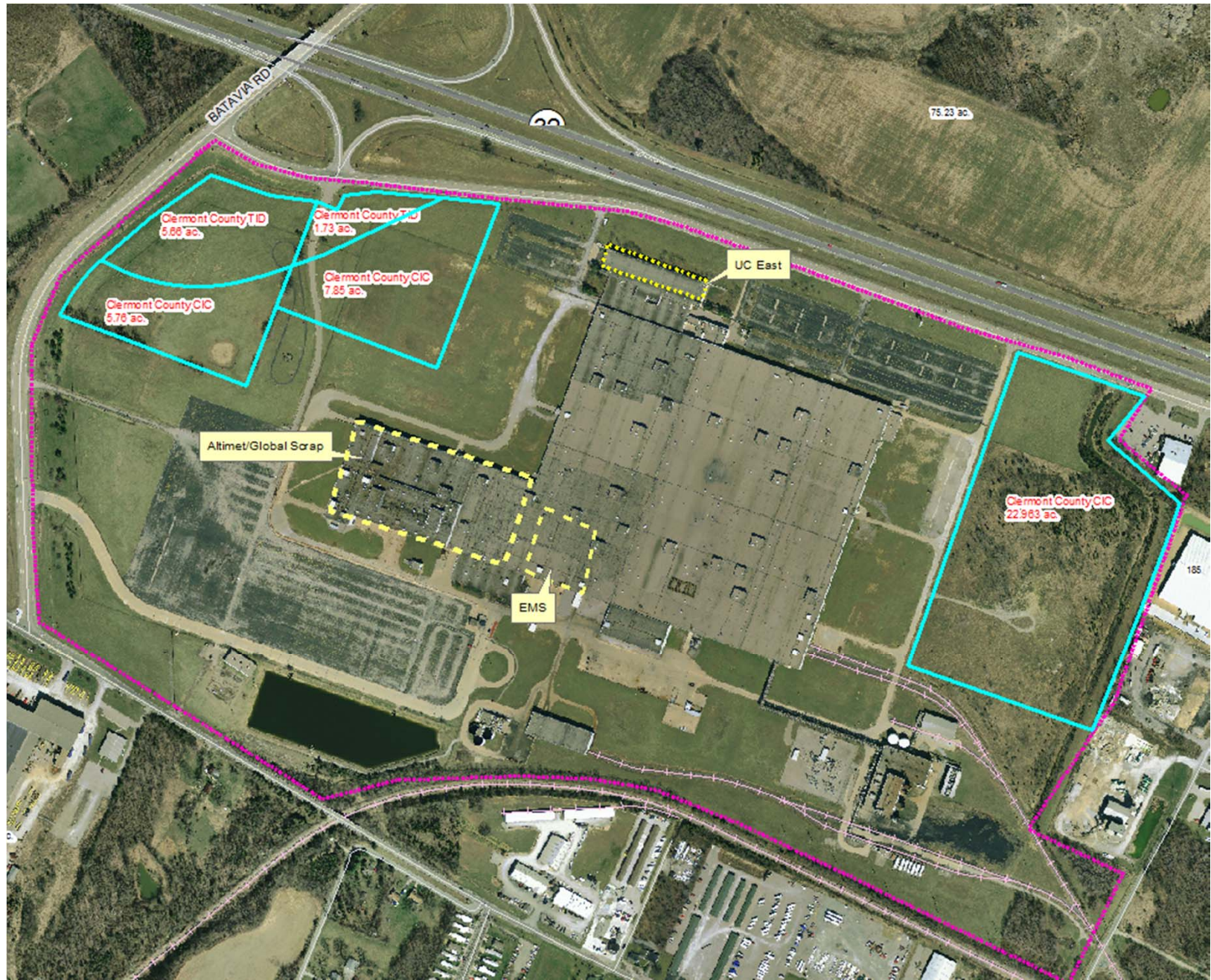
County Participation

- ❑ County Commissioners transferred \$2 million to Community Improvement Corp.
 - ❑ \$2 million is held in escrow and will be released under certain conditions

- ❑ CIC signed all agreements as part of the financing package

- ❑ CIC received 36 acres of land from IRG, with agreement to sell back to IRG 2012-2014 for \$439,000

- ❑ CIC also receives \$10,000 annually from IRG



CHANGING OUR ECONOMIC FUTURE



UC East / Ford

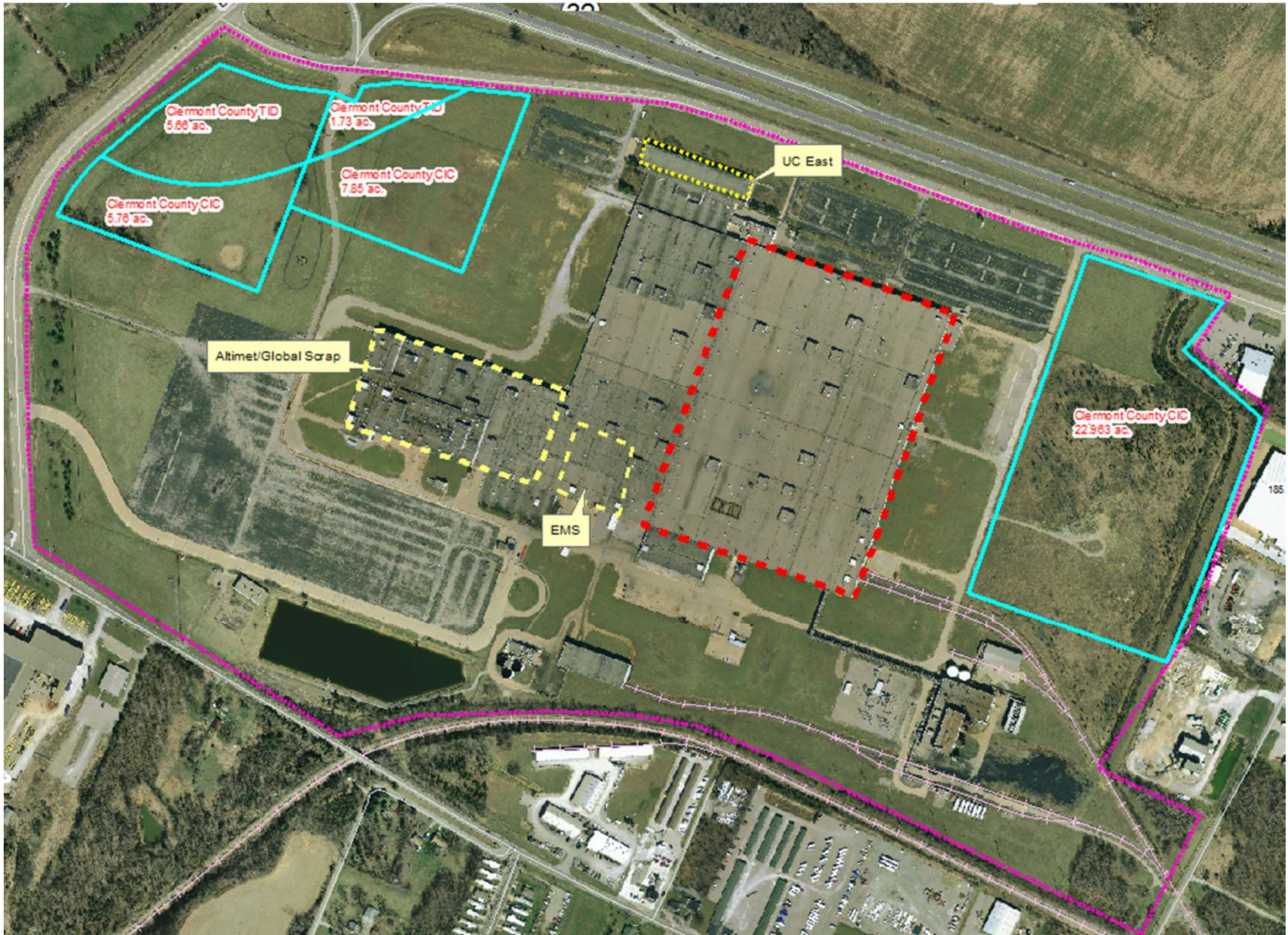
- ❑ 180 jobs retained/added
- ❑ First time residents can earn a Bachelor's degree in the County
- ❑ Hub of UC's 25-year growth plan to serve areas east of Clermont
- ❑ Building was saved from being demolished and sold for scrap

Development Opportunities



Ford Plant & Afton Area





Lessons Learned

- ❑ One person should “own” the project
- ❑ Don’t take “no” for an answer
- ❑ Don’t be shy about looking out for your community’s interests
- ❑ Get creative and throw every tool at the problem
- ❑ You can’t know everything about everything
- ❑ Success provides a huge morale boost to the community



QUESTIONS?

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- Complete our survey via Survey Monkey

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