Too Good to Throw Away:
The Adaptive Reuse of Underused Buildings

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Adaptive Reuse: A new function for an old building

“Form follows function” is the credo of utilitarian architecture, but what happens when functions change? The detritus of modern society is all around us, particularly in rural community centers. Abandoned manufacturing, institutional and educational buildings left behind by urban sprawl provide an invaluable opportunity to revitalize flagging communities by creative reuse of pre-existing infrastructure.

High profile developments, such as the Tate Museum of Modern in Art in London, England have highlighted the unique opportunity of adaptive reuse to bring together the concepts of community development, urban renewal and environmental sustainability. At the Tate Museum, architects redesigned the abandoned Bankside Power Plant into a stunning water-front museum. Originally opened in 1947 and closed in 1981, the building sat empty for twenty years until the former turbine hall became a dramatic 500-foot entryway for the museum, complete with a new glass ceiling flooding light into the former industrial space. The reuse of the building not only created a landmark, it rejuvenated the otherwise barren stretch along the south bank of the Thames, where it is located.

The Tate Museum of Modern Art, London, England

The Tate is particularly illustrative of why the adaptive reuse concept is so powerful. Many buildings in communities around the United States are functionally obsolete in their current configuration, sitting empty and underused, particularly in smaller, rural communities. We no longer need the echoing elementary schools, large-scale industrial factories, and empty nursing homes and hospitals so common in many rural communities. Communities’ needs have changed, and many buildings have outlived their original use. However, these buildings are still structurally sound. Very often they are beautiful examples of bygone architecture that used materials and a level of craftsmanship almost impossible to replicate. If they could be put to another use, communities could continue to enjoy the beauty that these buildings bring to downtowns throughout the country.
Adaptive reuse projects, particularly those that provide housing that facilitates the development of a walkable city or town, where residents can both work and live in close proximity, fill a need in rural communities to provide residents with services that they do not have to get in their car to access.

Not all buildings are created equally. There are several litmus tests for whether or not a structure might make for a viable adaptive reuse project.

First, location, as with any other kind of real estate, is key. Fortunately, buildings that have outlived their original use are usually located in places that have underlying value. Perhaps they are located in a neighborhood that is undergoing a renaissance or in a neighborhood with close proximity to emerging commercial districts. Maybe the building is located on a main thoroughfare, where an underused building can have a particularly negative effect on the community’s perception of its own prosperity. Key elements of an underused, but preexisting site include the fact that the site is already served by developed transportation systems and utility infrastructure. Adaptive reuse projects often respond to established needs though in non-traditional fashions. For example, a warehouse district or abandoned railway station present perfect opportunities to meet the housing needs of a growing downtown workforce.

Second, the building is no longer useful in its current configuration. Classic examples of adaptive reuse candidates are schools, nursing homes, and industrial factories. Typical shortcomings include limited handicapped accessibility, poor circulation patterns, technological obsolescence, and non-compliance with life safety codes. Demographic and economic changes have lessened the demand for these particular kinds of structures leaving many of them without a purpose.

Third, the community has a stake in the building’s future, making them willing to provide community and monetary support to a reuse project. This is key. Adaptive reuse is often more expensive than new construction because parts of the existing building must be removed before being replaced. Because adaptive reuse projects typically are high profile, particularly in smaller communities, it is crucial that developers enlist the support of local government and community members. These partners and allies may be able to bring valuable community support to bear both financially and politically. Their support can keep a project moving through a city’s planning and zoning committees, or put community-based pressure on local governments to focus financial resources on this particular priority.

Cooperative Housing: A Flexible Housing Tool

Cooperative housing is a unique form of homeownership, which has traditionally been associated with New York City and other urban centers. However, a housing cooperative can be a viable, affordable homeownership resource in any community. A housing cooperative can be a high rise apartment building, a garden-style apartment, a townhouse, a single-family home, a senior housing complex, or a manufactured home park.
The International Cooperative Alliance defines a Cooperative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. A housing cooperative forms when people come together to own and control the buildings they live in. A housing cooperative is a legal corporation. Members of the cooperative live in the cooperative and run the cooperative—from organizing social activities, to maintenance, to handling finances and landscaping.

Co-op members pay a monthly amount to the cooperative corporation to cover operating expenses. The cooperative owns the land, the buildings, and any common areas. Members buy shares in the cooperative, which gives them the exclusive right to occupy their unit. All members together own the cooperative corporation, which owns the land, building, and any common areas.

Members set the bylaws and elect, from among themselves, a board of directors. The board ensures that the cooperative runs smoothly, in accordance with the cooperative’s bylaws and operating agreements. In cooperatives under 20 units, the members generally manage the cooperative themselves, and perform their own maintenance. In larger cooperatives, the board of directors may designate an individual or outside firm to provide management services. In both cases, members develop and maintain the house policies, including criteria for screening, evicting, and foreclosing on problem members.

A cooperative can be structured in several different ways through the bylaws or articles outlined in a cooperative’s governing documents. Cooperatives can be structured to provide conventional, market-rate homeownership, to ensure long-term affordability, or to create a more participatory form of rental housing. They can also serve a specific population, within the bounds of Fair Housing Law, such as seniors or artists.

A market rate cooperative sells shares at full market value in the original sale, and permits future unit sales at market value. Much like conventional real estate, a unit’s sale price is determined by the market, allowing for potential accumulation (or loss) of equity by the members.

A limited equity cooperative puts restrictions on a unit’s sale price, with the restrictions outlined in the cooperative’s bylaws. This type of cooperative is designed to maintain long-term housing affordability. While most public sector programs have time limited restrictions—after which affordability disappears—a limited equity cooperative can continue offering benefits forever.

Limited equity co-ops can put homeownership within the reach of many low-income families. Limited equity cooperatives ensure long-term affordability in a number of creative ways, including limits on resale price. Transaction costs for buying or selling are also low for cooperative members, since separate title searches and title insurance are unnecessary. Finally, cooperatives can borrow collectively for major improvements,
pledging the building as collateral, and thereby avoid large special assessments common to condo ownership.

A **leasehold** cooperative leases the property from an investor, sometimes with an option to buy. Cooperative members operate the property as a cooperative, but do not own the cooperative.

A **senior** housing cooperative can be either a market rate or limited equity cooperative that incorporates design and service features attractive to seniors.

**CO-OPS AND STRONGER COMMUNITIES**

Cooperatives are a natural vehicle for social and civic organizing. They encourage neighbors to become acquainted and form mutually beneficial enterprises such as block clubs, childcare cooperatives, buying clubs, and energy cooperatives. Studies have shown that higher levels of civic and community participation and lower levels of crime correlated with the presence of housing cooperatives in neighborhoods.

Adaptive reuse in this context seeks to explore opportunities to champion the rebirth of existing urban infrastructure into new and creative solutions. Opportunities abound for redevelopment of underused manufacturing, brownfield, and warehouse districts proximate to community centers into workforce housing and office space without the commute. Myriad public schools made obsolete by population shifts, accessibility and technology requirements are great candidates. Buildings suited for adaptive reuse are also particularly fit for conversion to housing cooperatives, creating a base of residents who live together, are invested in the community, and can work together to create a long-term, viable economic and community force within a neighborhood or town.

**Project feasibility: Location and Financing**

Adaptive reuse cooperative housing project candidates should have the characteristics outlined above: be situated in a good location; have outlived its original use; have retained valuable vestiges of its former use such as structural or aesthetic elements; and have some value to the local community whether it be sentimental, historical, or otherwise.

If these criteria are met, an initial estimate of revenues based on market demand and expenses of similar properties. Any net income would be available for debt service or return for investors.

In an ideal situation, the project would cash flow such that a developer could finance 70% of the costs of completing the project and fund the rest of the project costs in cash downpayments. However, this is a relatively rare situation, particularly if a building appraiser will only appraise the building at its current, unimproved value, as is common,
instead of its anticipated value after the rehabilitation is complete. Fortunately, adaptive reuse projects are eligible for several different funding sources. These include:

- **Tax Increment Financing (TIF) or tax abatement.** TIF is a useful tool in which the city pledges the future increase in property taxes due to the building’s improvement to pay for current improvements to the property. Some communities may also be willing to provide properties with simple tax abatement for some period of time to make the project feasible.

- **Eminent domain.** In some situations, the city may be able to exercise its right of eminent domain on property that the community deems a candidate for rehabilitation. They purchase the property and may be willing to pass it on to a developer for a small price, commonly one dollar. Part of why a site may have been overlooked in the past may have to do with functional drawbacks of the site. Factors such as a lack of on-site parking, recalcitrant neighbors, asbestos or lead paint contamination, groundwater contamination or underground storage tanks may all contribute to the site’s underuse. Many times local government can help. By forcing the sale of such properties at appraised market value, local governments can jumpstart redevelopment. Municipalities can access state and federal funds to defray up to 90% of the site clean-up costs for underground storage tanks and groundwater contamination which may trigger project viability.

- **Economic Development Authority resources.** An EDA may have the local, state, or federal resources to issue low-interest or forgivable loans on a property that they have an interest in rehabilitating.

- **Historic rehabilitation Tax Credits.** The National Park Service administers this program in partnership with the Internal Revenue Service and with State Historic Preservation Officers. The tax incentives for preservation are meant to attract new private investment for the restoration of the historic cores of cities and towns. Current tax incentives for preservation include:
  - 20% tax credit for the certified rehabilitation of certified historic structures.
  - 10% tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936.
  - For more on the Historic Preservation Tax Credit check out Historic Preservation Services online: [http://www.cr.nps.gov/hps/tps/tax/](http://www.cr.nps.gov/hps/tps/tax/)

- **New Markets Tax Credits.** The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value
of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

- **For more on the New Markets Tax Credit Program check out the US Department of the Treasury CDFI Fund:**

✓ **Low-income Housing Tax Credits.** The LIHTC Program was enacted by Congress in 1986 to provide the private market with an incentive to invest in affordable rental housing\(^1\). Federal housing tax credits are awarded to developers of qualified projects. Developers then sell these credits to investors to raise capital (or equity) for their projects, which reduces the debt that the developer would otherwise have to borrow. Because the debt is lower, a tax credit property can in turn offer lower, more affordable rents.

Provided the property maintains compliance with the program requirements, investors receive a dollar-for-dollar credit against their Federal tax liability each year over a period of 10 years. The amount of the annual credit is based on the amount invested in the affordable housing.

- **For more information on the LIHTC Program check out the HUD website:** [http://www.huduser.org/datasets/lihtc.html](http://www.huduser.org/datasets/lihtc.html)

✓ **Industrial, municipal, county, state or utility bonds.** Depending on the nature of your project, local and state governments may be willing to issue bonds to assist in the financing of the adaptive reuse. These bonds may or may not have the government’s guarantee and interest may or may not be tax exempt.

✓ **CDBG funds.** Allocated by state, every community can access Community Development Block Grants. Their mission, to provide decent housing, a suitable living environment and expanded economic opportunities, principally for low- and moderate-income persons, fits well with the adaptive reuse and cooperative concepts. Funds must be applied for by local government entities and may be used for housing development purposes.

- **For more information on CDBG Funding, check out the HUD website:** [http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm](http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm)

✓ **JOBZ Zones and other tax abatement zones.** Development in certain areas designated as “JOBZ Zones” or in other areas where local governments provide property tax abatement may also provide the resources to complete an adaptive reuse project where it might otherwise be impossible. Tax exemptions usually include an exemption on state income tax for investors and an exemption on property taxes for commercial and industrial improvements.

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\(^1\) Homeownership Cooperatives are ineligible to qualify for the LIHTC program.
For Minnesota-based entities, check out the Department of Employment and Economic Development’s website:
http://www.deed.state.mn.us/bizdev/jobz.htm

- **Superfund, Petrofund, and Brownfield grants.** There are several resource funds for environmentally hazardous sites. The EPA’s Superfund Program may be able to provide technical assistance grants of $50,000 to communities to create a clean-up plan for sites which meet Superfund criteria. Developers may partner with community-based organizations to jumpstart a clean-up plan at a contaminated site. Brownfields grants may be available to sites which are currently vacant due to industrial contamination provided that, if decontaminated, would be redeveloped. Average grants are in the amount of $200,000. State Petrofund monies are available to reimburse entities for up to 90% of clean-up costs associated with leaky petroleum tanks.
- More information on all of these programs can be found at the Environmental Protection Agency’s website: www.epa.gov.

- **Department of Housing and Urban Development’s mortgage guarantee programs.** HUD provides specific blanket-mortgage loan guarantees to lenders for the development of cooperatives through the 213i mortgage guarantee program.
  - Find more information online at: http://www.hud.gov/offices/hsg/mfh/progdesc/coop213.cfm.

## CHALLENGES OF ADAPTIVE REUSE

Adaptive reuse projects can provide tremendous benefit to the community, particularly if the building is a key community landmark. A community’s psychology can be positively affected if a long-vacant building is adapted for a new use, indicating an investment in the community for the long term. For example, Church Hill Cooperative, an adaptive reuse project of a vacant school building in Lanesboro, Minnesota currently in development by Northcountry Cooperative Development Fund and Allman & Associates, has received strong community support both from local government, which wants to increase its tax base, but also from community members, who remember attending school, or even working there. However, the adaptive reuse strategy is not without risks.

1. **Environmental Concerns.** Problem areas include asbestos, lead paint, and underground tanks. All of these problems can be resolved, but developers should be aware of local and federal regulations regarding their disposal or removal. Most buildings built before 1925 did not use asbestos. However, pipes and floor tiling may have been replaced during a period when asbestos was a common building material: asbestos-containing materials include pipe wrap, mastic used for floor tiles, and ceiling tiles. Additionally, buildings constructed in the 1930s and 1940s very often contain plaster in which asbestos was mixed. Removing asbestos can cost hundreds of thousands of dollars. Developers should be equally aware of exposing employees to asbestos without their knowledge, which could incur further costs through worker compensation.
Lead paint is relatively easily taken care of, although the paint should be disposed of carefully. Options for managing lead paint include encapsulating it with encapsulating paint or sheet-rocking over it. Outright removal may be expensive and must be done carefully to avoid workers’ and public exposure. Developers should be sensitive to regulations governing its removal, and be aware of the kinds of environmental testing that needs to be completed to be in compliance (this may include taking air samples before and after abatement process).

Locations of underground storage tanks should be thoroughly researched before the development process begins. It was common to have natural gas and fuel oil tanks for burning duel fuels to power the boilers in large institutions such as schools or nursing homes. Fuel oil did not commonly leak, but preparations for redevelopment of the site should include the removal of such tanks and verification that the site is “clean”. Developers should also be aware of gasoline tanks, even if they are not onsite, may be in close proximity. Gasoline leaks move easily and sideways, meaning that a gas station or paint store down the street may have leaked gasoline onto a potential development site nearby. Follow local and federal regulations in cleaning the site, and allot a line item in the development proforma for clean-up.

2. **Construction Concerns.** Adaptive reuse projects have a leg up from new construction in some ways. Many industrial factories, schools, nursing homes, or other common candidates for adaptive reuse buildings were constructed to support heavy live loads. Lighter residential loan requirements make structural failure of these solid buildings relatively rare. However, it is not uncommon that unanticipated structural, architectural, or design challenges will occur during the development process, which is the nature of working with an existing structural framework. It’s important to the success of these projects that developers anticipate surprises by budgeting contingency in the construction budget.

3. **Zoning issues.** Building strategic partnerships with city officials can be critical to the success of a project. Adaptive reuse projects may present particular challenges if an area hasn’t typically been used for housing, is located in a busy commercial corridor, or is on a congested site. Most notably, parking for housing projects can become a bone of contention. Siting parking underneath an adaptive reuse project can be costly, so using creative strategies to create appropriate parking facilities may be necessary.

4. **Understanding local context.** Some buildings, while superficially strong candidates for adaptive reuse, may have a past history of crime or other blight that makes it more or less attractive to community members. Taking time to talk with city leaders about the project, the building, and current conditions in the community will pay off in the long run.
CHALLENGES OF DEVELOPING HOUSING COOPERATIVES IN ADAPTED BUILDINGS

✓ **Marketing.** Marketing cooperative housing units requires not only a compelling message, but also a substantial educational component. Finding the right marketing agent is key to the project’s success, and this agent may or may not be a realtor. Someone who understands both the project’s aesthetic strengths and the cooperative housing concept, with all of its benefits and challenges, will be most successful. Additionally, because housing cooperatives are relatively unknown across greater Minnesota, the sales process will take about three times longer than a standard real estate sales process and should be factored into the project timeline.

In a situation where the adaptive reuse project is providing conventional multi-family housing, whether it is condominiums or rental housing, marketing is usually not a particular challenge. Adaptive reuse projects oftentimes provide desirable housing with unique amenities that fill a market need such that conventional marketing strategies and timelines apply.

✓ **Developing the appropriate organizational and legal documents.** A Cooperative is a unique legal entity, with state statutes governing their organization. Standard Cooperative legal documents include Articles of Incorporation, Bylaws, a Subscription Agreement for founding members, a Reservation Agreement, an Occupancy Agreement, and a Certificate of Membership. Contact an attorney who specializes in cooperative law for development of legal documents in accordance with the state statutes in the state where the project is being developed.

✓ **The Cooperative Development Proforma.** An adaptive reuse housing cooperative will have a proforma that looks a little bit different from a standard, multifamily project. Besides possible inclusions like line items for lead paint abatement, asbestos clean up or storage tank removal, marketing budgets should include the cost of hosting community meetings, social events, and training sessions. In addition, besides standard reserve accounts such as a replacement reserve and operating reserve, developers should consider the inclusion of a training reserve, which could be accessed by the Cooperative to fund governance training, mediation, conference attendance, association memberships, or other opportunities which enhance their Cooperative’s ability to sustain itself through good governance. While it may seem a needless expense, many cooperatives suffer from governance by Boards of Directors who don’t understand their bylaws, can’t engage their membership, or are unable to resolve disputes at the detriment to their bottom line.

✓ **Building a community.** A cooperative housing development is different from a typical multi-family condominium project. In a housing co-op, a member does not own their specific unit. Instead, they own a share in the corporation that owns
the building. As such, new owner-members must learn to work together to make decisions about the management and operations of their cooperative. To ensure the Cooperative’s long term success, it is incumbent on the Developer to provide opportunities for member-owners both to get to know each other through social events, but also to be equipped with the tools to manage and operate the Cooperative after the development process is complete.

a. Social events. Depending on the community of owners, social events should reflect the demographic interests of the resident group. Cooperative developers often host wine and cheese socials during the development process to allow members to socialize and develop relationships.

b. Governance training. Cooperatives very often hire property management companies to take care of the daily operations on the property. However, residents must understand the role of a Board of Directors, and the kinds of decisions they will be called upon to make regarding cooperative policies, building rules, conflict resolution and their legal responsibilities. This training should begin during the development process and continue through the initial years of the Co-op. Governance professionals are often available through local cooperative development centers or other organizations that engage in organizational and leadership development. Training curricula are available through several organizations including Cooperative Development Services of Saint Paul, MN and Northcountry Cooperative Development Fund of Minneapolis, MN. As discussed above, it may be appropriate to include a line item in the development budget for a long-term training reserve account.

**PROJECT SNAPSHOT: Church Hill Cooperative, Lanesboro, MN**

- **Units:** 17
- **Ownership Structure:** Market Rate Cooperative
- **Project Financing:** Private, TIF Financing

Church Hill Cooperative, in Lanesboro, MN, population 780, is in the Bluff country of Southeastern Minnesota. Lanesboro has a small but growing arts community, and is becoming an increasingly popular vacation destination for Rochester, Saint Paul, and Minneapolis residents. The Cooperative, which has a construction start date of January 1st, 2006, will be housed in the old Lanesboro Elementary School which is dramatically situated on a hill overlooking the town and countryside. The school, which has sat vacant for almost twenty years, closed when it was no longer able to serve the needs of the Lanesboro Community. When renovation is complete, the building will provide 17 units of cooperative housing in the community, and will increase the city’s tax base by tens of thousands of dollars, which represents more than a 400-fold increase in tax revenue.
generated by the property. Most importantly, it will return a community landmark to a productive use.

The project was well-situated as a housing cooperative. The current owner, in an attempt to convert the building to condominiums, had already gutted the building of interior partitions and asbestos. Marketing and sales proved difficult. No locally based residential realtors were interested in serving as the marketing agent and relationships with regionally based realtors were not compatible— an ability to articulate and understand the cooperative model, and the subtle differences between that and other multifamily ownership models is pivotal to the project’s success. Luckily a responsive commercial broker was found who was up to the task. The project itself—community-based and accessible, made it especially attractive to retirees, families looking to sell their single-family home, and Lanesboro natives wishing to return. The sales model was based upon an average 20% downpayment, but interested buyers overwhelmingly wanted to invest the total cost of purchasing the unit, leaving a proportionally smaller blanket mortgage than other cooperatives.

Developers also built up strong relationships with the City Council, City Staff, and the Chamber of Commerce, which proved indispensable to the success of the project. Initial problems included the fact that the property, long vacant, now provided crucial parking space for the two churches sited next to the property. Developing a compromise that worked for each party was time consuming but well worth it when the city was agreed to forego the first 26 years of property tax in support of the project. The Chamber of Commerce was an invaluable source for marketing leads. By including project information in every request for information routed through the Chamber, they were able to disseminate information to a broad and varied audience. Ultimately, word of mouth was a much bigger marketing lead generator than any of the media or internet advertising.

Renovation costs at Church Hill Co-op were substantially higher than originally anticipated, which is not uncommon with adaptive reuse projects where protection of the existing infrastructure can make construction costs more expensive. The ultimate total project cost of less than $200/NRSF (net rentable square foot) or $100/BGSF (building gross square foot) was comparable to new construction, while keeping the signature architectural elements of the former building.

Buyers enthusiastically participated in the initial sales, and the future looks strong for this market rate cooperative.
Iron River, Michigan, located in the Upper Peninsula of Michigan, is a town of approximately 3,300. Its’ history is based in the mining and forestry industries, and it’s becoming an increasingly popular retirement and vacation destination for people who were born and raised there and then left to find work, and are now interested in returning to their hometown. The area also draws new visitors and settlers due to the area’s abundant natural resources. The Cooperative, which is in the early planning stages, will be housed in the abandoned Central High School building, which is situated conveniently one street off of U.S. Highway Two, the main highway that connects much of the Upper Peninsula. The building is within walking distance of most services. A senior citizens’ center was built recently in Iron River 1 ½ blocks from the site of the cooperative. The school, which has been vacant for almost twenty years, closed when it was no longer able to serve the needs of the Iron River community. When renovation is complete, the building will provide 18 units of cooperative housing in the community, and will increase the city’s tax base by tens of thousands of dollars. Most importantly, it will return a community landmark to a functional use.

The building is a unique architectural style, with several additions. The building sustained damage (partial roof collapse) to the gymnasium years ago which will guide the redevelopment plan. The damaged portion of the building will be redesigned and the intact portions of the building will remain as they appear today.

A community meeting will kick off the marketing and sales program. The intent of the meeting is to expose area residents to the project. Project architects will present the plans for the building, discussing unit design as well as common spaces. In this building there is a great deal of space in the basement that is not particularly useful as living space. Input from potential co-op members at these early community meetings could influence the space planning of the project. Meetings will be set up with locally based realtors who are interested in serving as sales agents. A series of meetings with area realtors designed to teach them to articulate and understand the cooperative model, and the subtle differences between that and other multifamily ownership models, are planned.

The building was purchased by the Iron River Downtown Development Authority. The charge of this governmental body is to conduct activities that will enhance the City’s downtown business climate. Facilitating the redevelopment of one of many vacant downtown buildings is squarely within that goal. The project, when completed, would bring 18 households into the core of the city. The residents would frequent local area businesses and services. The property would generate taxes, which as a school it never did before. Area residents (seniors) who move into the cooperative from single family homes will free that source of housing up for younger families. As a former school that
had the requisite open space for children on recess, the site has ample space for creating covered parking, and a well-designed grounds – both important factors of quality senior residential living.

Renovation costs at the Central School Cooperative are anticipated to be relatively high. A high percentage of common space not useable for residential units, and the local market’s materials and labor costs contribute to this higher cost.

This project is being developed as a senior housing cooperative. The project is intended to serve low and moderate income seniors, who have limited ability to pay the monthly expenses associated with this type of project. Because affordability is built into the project, numerous financing programs available for such housing are being pursued. There are several programs available for financial support because of the environmental work that needs to be done (lead paint & asbestos clean up). All in all, this project will represent a community effort to reclaim this majestic building. Subsidy from local, state and federal sources will be sought. Because of the public sector investment, it will be designed to provide for a limited return on investment made by the initial group of buyers, which will keep the cooperative affordable in perpetuity, and should provide resident members of the cooperative with a beautiful, affordable home – operated on cooperative business principles. What could be better?

**Bibliography**


**Resources**


Church Hill Cooperative Website:  www.churchhillcoop.coop
Preservation Alliance of Minnesota
516 Landmark Center
75 West Fifth Street
St. Paul, MN 55102-1406
(651) 293-9047
www.mnpreservation.org

Minnesota Historical Society
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**Jeff Allman, P.E.**, is Principal at Allman & Associates, Inc.  An independent consulting engineer since 1992, Allman has over twenty-five years project management and design experience with various industrial and institutional owners.  He has worked in design and project management capacities for medical, municipal and research projects, as well as in the development of office buildings, shopping malls, restaurants, motels, swimming pools and apartment buildings.

Projects closest to his heart include the many historic preservation and adaptive reuse projects he’s developed and owned over the years. In this arena, his development experience spans the breadth of conducting feasibility studies, assembling project financing, coordinating project design, leasing, property management and maintenance of National Historic Register buildings and knowledge of and experience with the National Park Service’s Historic Tax credit program. Allman is a three-time recipient of the Minnesota Preservation Alliance’s annual Award for Best Project.

**Kerstin Larson** is the Housing Program Associate at the Northcountry Cooperative Development Fund. Kerstin's work at NCDF includes facilitating the development of affordable cooperative housing and community development projects, products and programs by assisting with and conducting preliminary feasibility analyses on prospective projects, providing technical assistance to diverse resident groups, managing resident organizing efforts and presenting at outreach events and trainings on the technical aspects of cooperative housing and community development; authoring grant applications; maintaining the Cooperative Listing Service at www.coopliving.coop; and conducting issue-based research on community development strategies in the cooperative sector.