



NEW HISTORY

PROJECT SUMMARY FOR REUSE DRAFT

JEFFERSON SCHOOL, HIBBING, MN

October 21, 2024 HEDA MEETING

AGENDA

PROJECT GOAL:

Assess viability of multi-family housing and community uses at this site, including an adaptive reuse of the existing building

OUR HYPOTHESIS:

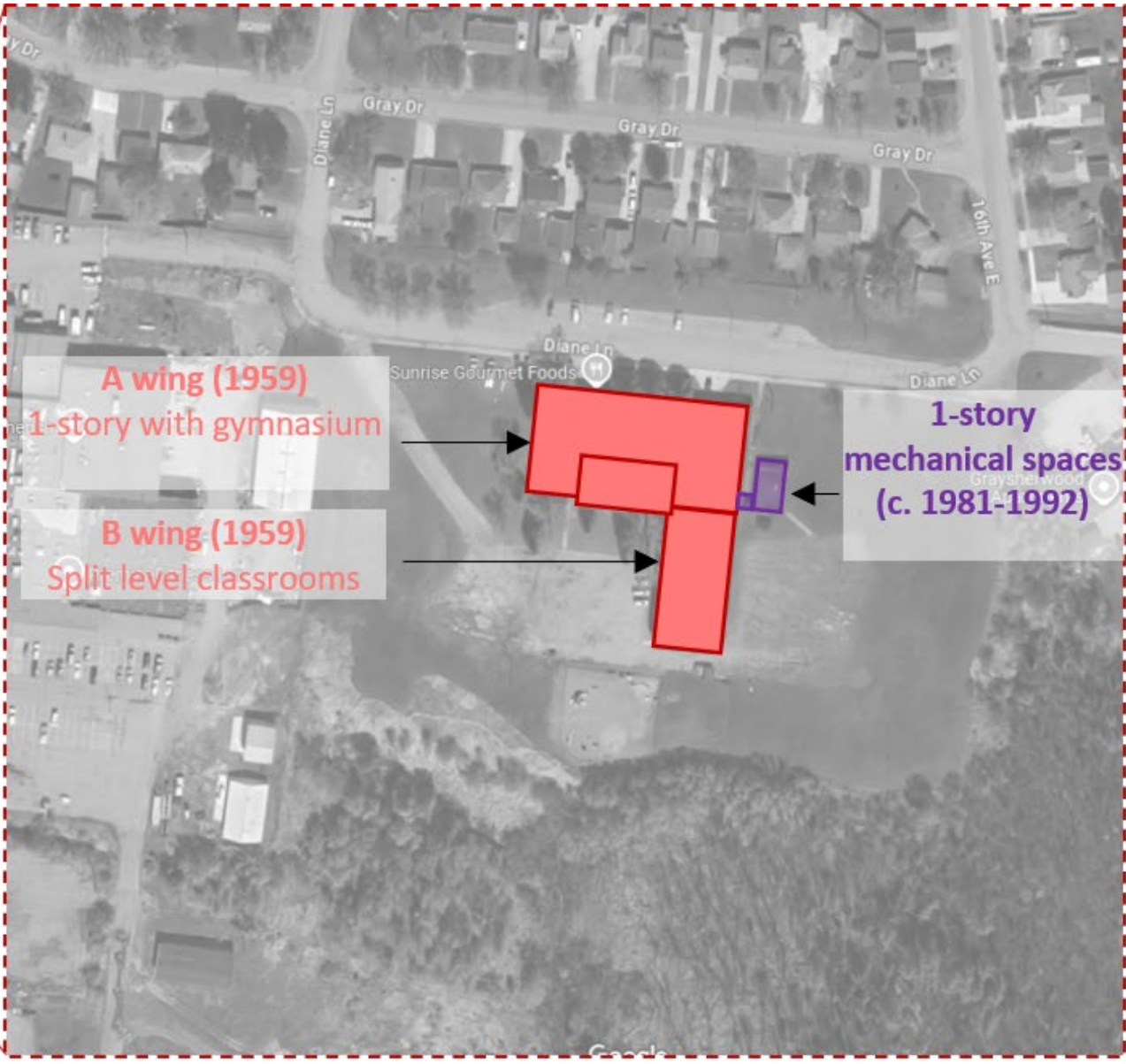
The building and site could be reused to accommodate housing/community needs

TODAY'S PRESENTATION:

- Present findings and reuse options
- Develop consensus on HEDA's future involvement at the Jefferson School building



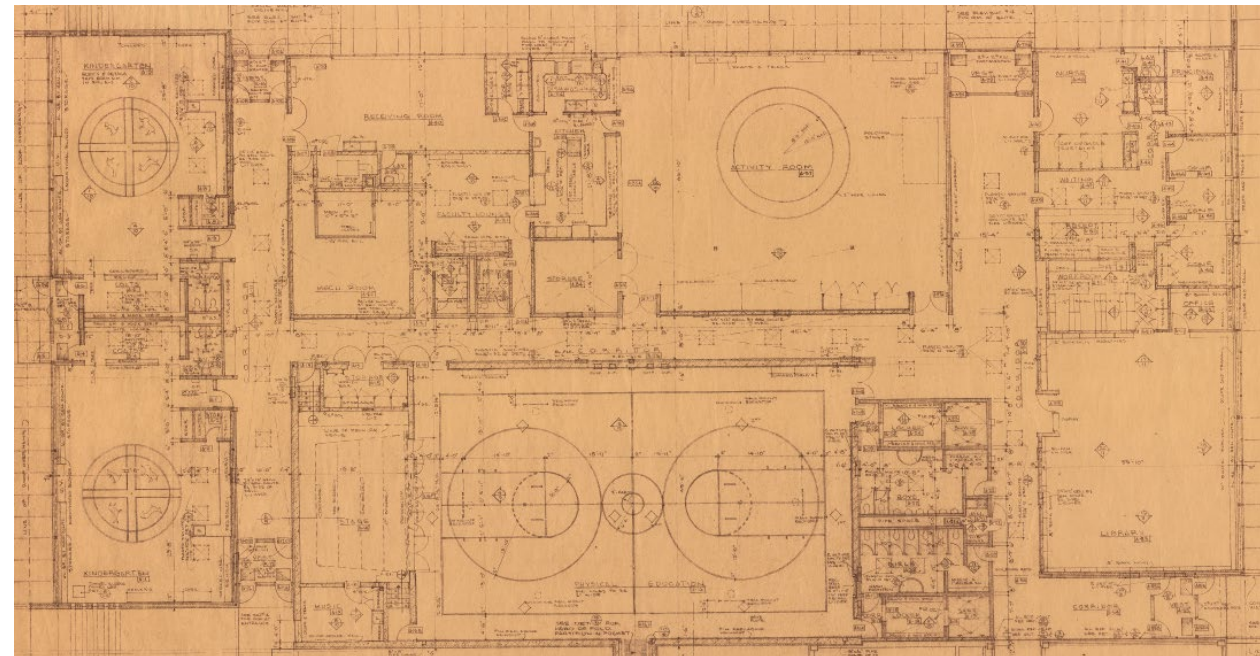
PROJECT LOCATION AND SITE



PROJECT UNDERSTANDING

CONTEXT:

- Construction date and type: 1959, reinforced concrete structure with steel joist roof
- Ownership: Sunrise Bakery, LLC (private)
- Historic use(s): School
- Current use(s): Multi-tenant commercial building with bakery, childcare, and vacancy
- Historic status: not designated
- Ownership transfer by end of 2024



NEW HISTORY SCOPE OF SERVICES

1. Documentation Review
2. Condition Assessment
3. National Register of Historic Places (NRHP) Eligibility
4. Reuse Options



1. DOCUMENTATION REVIEW

DOCUMENTATION REVIEWED

- 1958 Drawings
- 2008 Childcare Preliminary Development Plan Rezoning Request and drawings
- 2008 and 2017 Building Permits
- **2023 Comprehensive Housing Needs Analysis for Hibbing** (MaxField Research & Consulting)
- 2024 Memorandum of Understanding and Access Agreement: Sunrise Bakery LLC and Hibbing EDA
- St Louis County property records
- Unit layouts (Larson Construction Inc.)
- Final Development Plan to amend and reclassify Planned Development District #PD08-01 to #PD11-1

1. DOCUMENTATION REVIEW

KEY FINDINGS

- **Memorandum of Understanding: Sunrise Bakery and Hibbing EDA**
 - 6-month agreement: 7/31/24 – 01/31/25
 - Building can be a potential property to repurpose for housing
 - Need scope and cost information + attract developer
- **2023 Strategic Planning Initiative**
 - Goal #2 Quality housing stock that is affordable and accessible
 - Goal #5 Safe place to live and raise family
- **2023 Housing Study**
 - Need for over 1200 new housing units through 2035
 - Target market is empty-nesters and retirees
 - Minimal quality lots available for new construction. Need additional buildable lots
 - Larger developments or multiple smaller buildings (i.e. 4 to 16 units)
 - New construction in Hibbing is difficult to achieve under \$300,000
 - For-sale market: record-low supply + strong appreciation
 - Senior: existing is mostly assisted living and affordable, strong demand for market rate/affordable/independent senior housing
- **Final Development Plan to amend and reclassify Planned Development District #PD08-01 to #PD11-1**
 - Existing Planned Development and Zoning do not support desired use of housing.

2. CONDITION ASSESSMENT

KEY FINDINGS AND RECOMMENDATIONS

- Otherwise sound condition (overall)
- Water infiltration (roof)
- Structural integrity
- Accessibility needs to be addressed for reuse
- Potentially Hazardous Materials
- Windows are not original, or new
- Majority of original finishes appear to remain
- Vestibules in fair condition



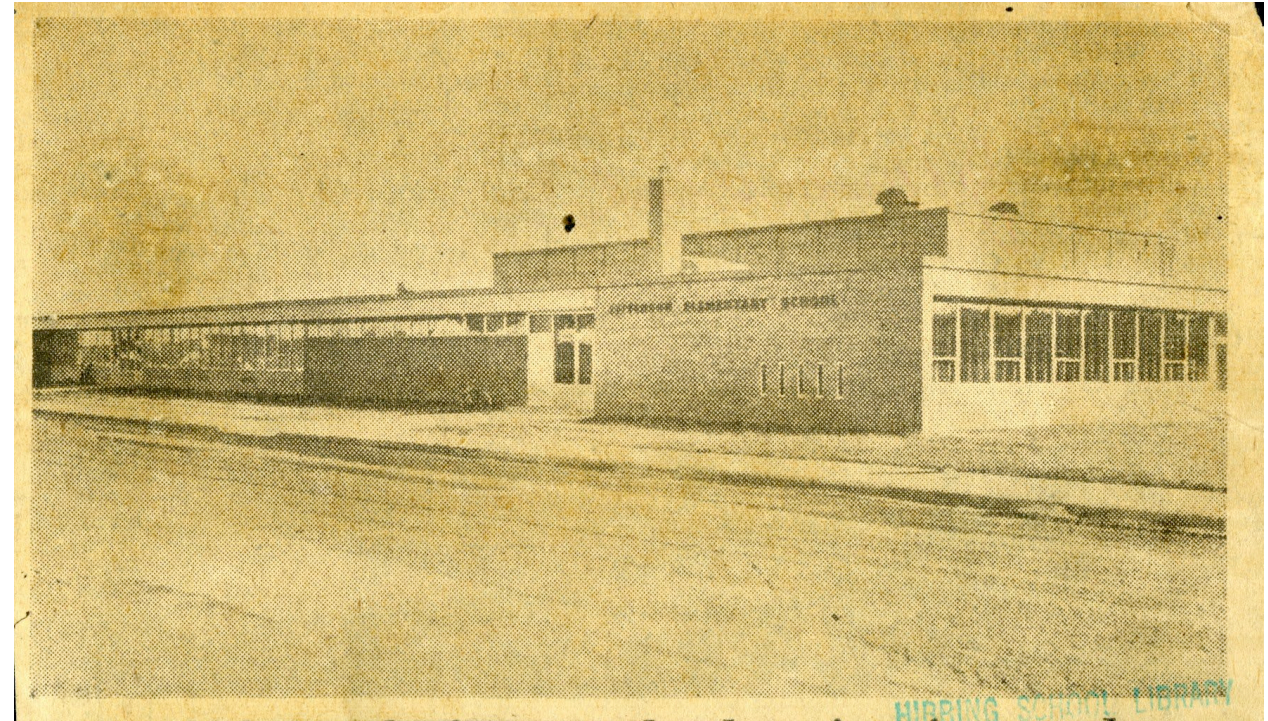
3. NATIONAL REGISTER OF HISTORIC PLACES (NRHP) ELIGIBILITY

NRHP ELIGIBILITY BASED ON:

1. Historic significance
2. Integrity

NRHP ELIGIBILITY FOR THE BUILDING:

- Low level of historic significance
- Medium to high level of integrity
- Overall, low likelihood of NRHP listing



Jefferson Elementary, 1959. Image courtesy of the Hibbing Historical Society

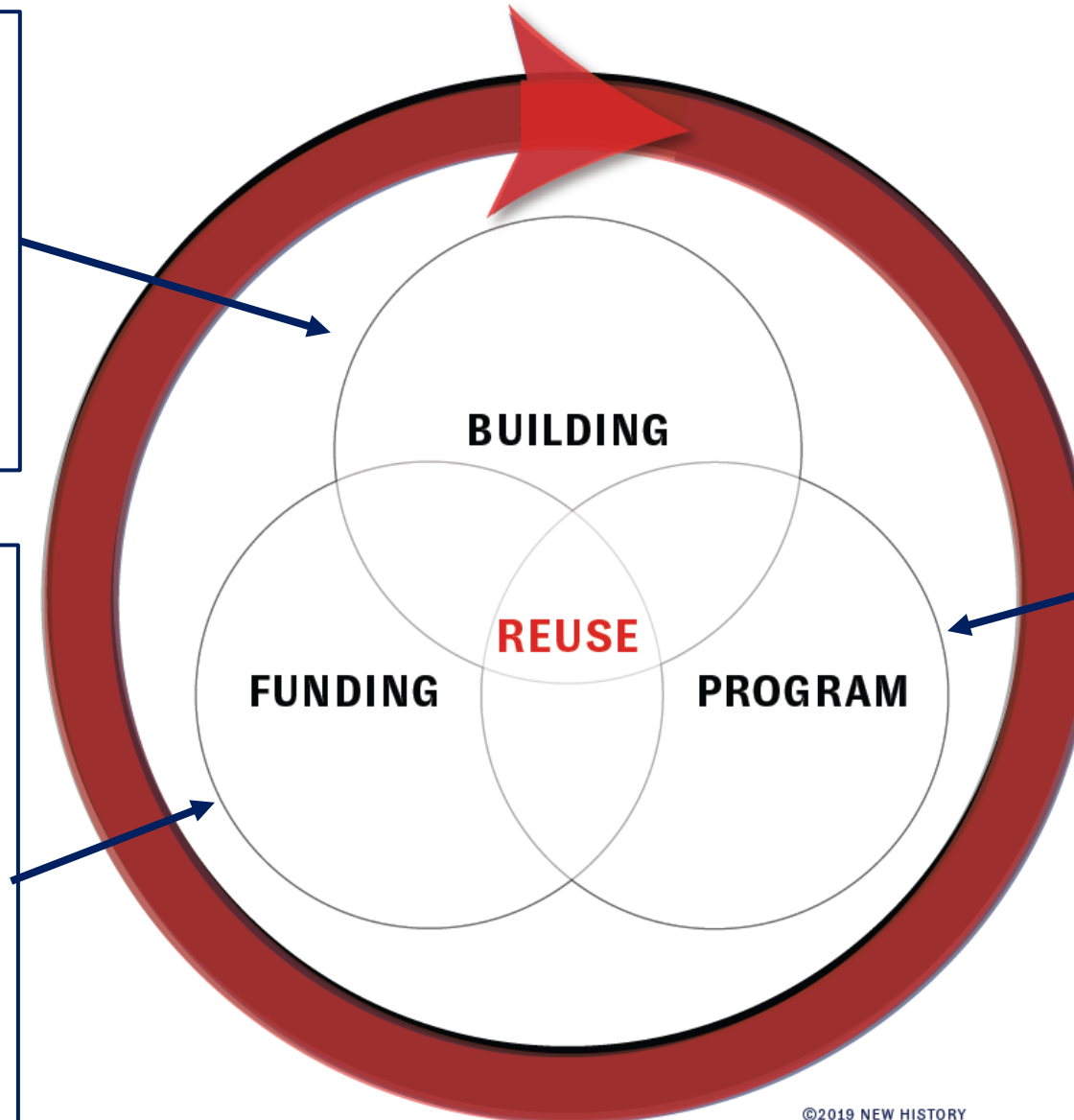
4. REUSE OPTIONS - FEASIBILITY AND REUSE STUDY PROCESS - REVIEW

What you have:

- Approx. 46,000 SF
- Approx. 22 (class)rooms, 1 cafeteria, and 1 gymnasium
- Bakery (owner) and Childcare (tenant)
- Underutilized building and site
- Approx. \$210,000 est. market value
- Zoned for planned development

Public vs. private ownership:

- Direct funding by City/EDA
- City Bond
- Energy/program-related tax incentives
- State-level support
- Federal/state clean-up loans/grants
- Private equity
- Debt
- TIF
- Others



Program Needs:

- Housing
- Target market: empty-nesters and retirees
- One-bedrooms
- Increased childcare capacity
- Community spaces

4. REUSE OPTIONS TABLE

SCENARIO	Do Nothing (i.e. Property Owner sells directly to Private Developer)	City Acquisition + Sale to Private Developer	City Acquisition and HRA Collaboration (Public Housing)
Description	No action taken by the City. Current owner sells property to a developer.	City to acquire/stabilize the property, rezone the site, and secure a developer to provide housing	City and HRA collaborate to develop housing (market rate or tax credit)
Timeline Estimate	<ul style="list-style-type: none"> 2025: Sale of property Future plans for the site (TBD) 	<ul style="list-style-type: none"> 2025: City purchases and holds the property 2026: Developer takes control of the property 	<ul style="list-style-type: none"> 2025: City purchases site and holds on property until a successful approach is determined.
Benefits	<ul style="list-style-type: none"> City resources not required in the near term 	<ul style="list-style-type: none"> City has better control over the site redevelopment Property can become an equity transfer demonstrating local contribution for developers seeking MHFA funding. Developer has access to more funding sources 	<ul style="list-style-type: none"> City controls the uses on site and provides more community services Could provide affordable housing or market rate City could profit from sale of undeveloped land
Risks	<ul style="list-style-type: none"> City of Hibbing cannot inform uses New owner may not allow childcare facility to remain Building may be demolished No guarantee of increased tax revenue 	<ul style="list-style-type: none"> Public opinion Unknown timeline of property sale Holding cost during redevelopment May require public funding sources 	<ul style="list-style-type: none"> Could be most costly and financially challenging Longest risk exposure Timeline may be impacted by the community engagement/public input
Funding and Revenue	<ul style="list-style-type: none"> Unknown demand for public funding and/or increase in tax revenue. 	<ul style="list-style-type: none"> Predevelopment funding sources to city (e.g. DEED, MPCA, IRRRB, Tenants rent) Private Development funding sources (e.g. TIF, MHFA, LIHTC, grants/gap funding) 	<ul style="list-style-type: none"> Tax Credits HUD's Rental Assistance Demonstration (RAD) Housing Rental Income: +/- \$320,000/year (~26,800 RSF @ \$1/SF) Housing Purchase Option: \$3,750,000 total (\$150,000/Unit) + HOA fee
Road Blocks and Questions	<ul style="list-style-type: none"> What are the city's largest concerns about losing site control and can they be mitigated through any policy or ordinance? 	<ul style="list-style-type: none"> City property acquisition and sale process Childcare relocation/consolidation Parcel configuration (division, access/roads) Reputable property management company 	<ul style="list-style-type: none"> Capacity to develop in a timely manner given current workloads and staffing levels Potential for additional delays due to public ownership processes

4. REUSE OPTIONS – GENERAL COST ESTIMATES (DRAFT)

SCENARIO	Do Nothing (i.e. Property Owner sells directly to Private Developer)	City Acquisition + Sale to Private Developer	City Acquisition and HRA Collaboration (Public Housing)
GENERAL	\$	\$\$	\$\$\$\$\$
ONE-TIME COSTS	\$0	\$300,000 - \$350,000	+/- \$11,500,000
Preliminary Consulting/Fees (Legal, Design, Environmental, Application Fees)		\$100,000	\$100,000
Survey / Haz. Mat		TBD	TBD
Acquisition Cost (tax assessed value)		\$206,900	\$206,900
Roof Stabilization		\$20,000	\$20,000
Development Costs (est. 5% escalation/year)			
Planned Development (design + zoning change)		TBD	TBD
Building renovation (25 units @ 300K/per)		-	+/- \$11,200,000
Others (staff time, childcare relocation)		TBD	TBD
ANNUAL CARRYING COSTS	No Responsibility	Holding Duration	\$TBD/year
Property Tax		\$0	\$0
Insurance		+/- \$330	TBD
Utilities + Garbage		TBD	TBD
Snow Removal / Lawn Care		TBD	TBD
Security		TBD	TBD
Ongoing Maintenance (average of 5% cost)		\$10,000	\$575,000
Others		TBD	TBD

4. NEXT STEPS FOR DISCUSSION

- Full report to be issued by Mid-November 2024
- Develop consensus on HEDA's future involvement at the Jefferson School Building

Potential next steps for development of the property

- Property Appraisal
- Site Survey
- Hazardous Materials Report
- Conversation with City Attorney (acquisition process)
- Assess timeline and carry cost
- Garner public support through community engagement
- Masterplan of site through Planned Development / Zoning
- Developers outreach
- Draft RFP for developers
- Schematic plan development to inform proforma
- Secure public funding sources



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