

Creative Financing Solves Funding For Scottish Rite

by Theresa Woodgeard

Trying to interest potential tenants in office space that looks as if its one step away from the wrecking ball has been challenging. In fact, it's been nearly impossible. For two years Progressive Redevelopment Inc., the firm who partnered with the city of Decatur to refurbish the Historic Scottish Rite Hospital, has been mired in the chicken or the egg dilemma.

"No one wanted to be first," said Paul Pierce of the Decatur Housing Authority. Lenders wanted a committed tenant before they would release funds for the renovation, yet potential tenants didn't want to lease the space because the buildings needed so much work.

That problem will be remedied if the Decatur City Commission approves PRI's creative financing package on Feb. 5 at their regular meeting. Composed of several parts, the plan includes selling off different pieces of the property enabling PRI to raise the capitol needed for the project. Those profits, coupled with money secured for the Decatur Housing Authority to buy the 10 residential lots on West Benson Street, will enable PRI to begin restoring the historic hospital.

According to Pierce, the money that Decatur Housing Authority will add to the equation actually originated

through the DeKalb Housing Authority, which has a standing contract with the City. "We expect to close on the sale of the lots within 45 days," said Lori Mills vice president of project development for PRI.

What makes this plan so appealing, according to City Commissioner Jim Baskett is that it meets all the desires of the community, enabling city employees, teachers and others to purchase a home below market value in a price range from \$120,000 to \$125,000. "Funds from the Housing Authority will make it possible for those who might not otherwise be able to purchase a home within the city because of rising property prices," he said.

Although they will sell below market value, the actual appraisal of the homes will range from \$180,000 to \$200,000. "These are not subsidized homes," said Pierce, but they will be available only to those on restricted incomes, such as teachers, firemen and policemen."

Profits from the sale of those 10 lots will be the catalyst to put the rest of the plan in motion, according to Mills. For example, although a Federal Section 8-11 grant has been secured for 14 housing units for the Shepherd Spinal Center on the Scottish Rite property, additional money was needed for the ground preparation of this project. Other pieces of the deal include the sale of the Health Center,

also part of the property, plus three lots on the corner of West Hill Street and Oakview to Richfield Development Corporation.

According to Lee Lester of RDC, the 10,000 square foot building needs mostly cosmetic renovation, which they will begin after the closing in March. "We'll be leasing the space in suites to professionals," he said. The three lots that don't lend themselves to residential space will likely be developed into a mixed-use complex, he said. Lee, who lives in Lake Claire shares ownership of the company along with his father Richard and his brother Bart, all natives of the area. According to Lee, plans to blend the architectural design of any future structures with the existing buildings are essential to their vision.

With the profits from the sale of the 13 lots, Mills explained, the Health Center, the sale of historic tax credits and a secured construction loan, PRI will finally have enough capitol to begin what they started two years ago - the restoration of the Historic Scottish Rite Hospital for Crippled Children.

Designed by noted architect Neel Reid and built in 1919, the main hospital building and its two wings provided a place of hope for many children and their families until 1976 when the hospital was relocated. Wards linked to the central building are enclosed by

90-foot, window-lined corridors. Today, steel casement windows close off the fresh air and light once thought to be so important in the cure for crippled children.

Renovation of the stately building and the east and west wings will begin with repair of the main building's tile roof. Each tile will be removed, cleaned and reset on a repaired sub-deck. Mills estimates the renovation which will include all new plumbing, electrical and heating and air systems, design and site work to cost 3.3 million dollars and to take about a year.

Finished space between the main building and the two wings will add up to nearly 18,000 square feet. The east wing, measuring about 4,500 of that will be leased to the Community Center of South Decatur for a nominal fee of \$10 per year. The rest of the space will be leased to professionals such as architects and lawyers and customized to suit their needs.

"I'm very excited. We've gotten where we need to be in this project," said Robert Soens, president of the Community Center of South Decatur. "One of the major points is that we will have some affordable single-family housing to offer people that wouldn't be able to afford it otherwise," said Soens. "That was always a part of the original plan. It's been a struggle for years - the time has finally arrived. It was worth the wait."