Metro West
Moving a Market Through a Strategic Intervention

Presented by:
John C. Rosenberger, President
COCIC - Franklin County Land Bank
# Introducing
**COCIC – FRANKLIN COUNTY LAND BANK**

**Edward Leonard, Franklin County Treasurer**  
*Chairperson*

## Staff

<table>
<thead>
<tr>
<th>John C. Rosenberger, President</th>
<th>Curtiss L. Williams, Sr., Vice-President</th>
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<tr>
<td>Hope K. Kingsborough, Program Manager</td>
<td>Melissa D. Coleman, Executive Assistant</td>
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<td>Alyssa M. Taylor, Program Assistant</td>
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METRO WEST
LET’S START BY GETTING OUR BEARINGS
HISTORICAL BACKGROUND

• ORIGINALLY -- Lincoln Park West.
• In 1965, it was brand new.
• It had country-club amenities. A large club house. A swimming pool.
• It was huge. 139 Buildings. 1,726 units.
• Townhomes with over 1,600 sq. ft. plus full basements.
• It was fashionable and it was hot. Professionals and well-paid blue-collars workers made it home.
AND THEN THE TIDE STARTED TO GO OUT:

• In 1988, the nearby White Westinghouse factory – a major source of employment for Lincoln Park West residents – closed.

• In 2000, after a long period of decline and increasing vacancies, ownership focused on the Latino and Somalian communities to backfill and vacancy improved to 13%.

• In 2004, a fire in one unit killed 10 people – a record loss of life in a residential fire.
AND THEN IT GOT WORSE:

- In 2005, Matrix Reality bought the property and frantically renamed it *Wingate Village* and then later, *Metro West*.

- In 2007, nearby Delphi -- again a major source of employment -- closed.

- In 2011, eighteen units were destroyed or damaged by a single fire, fortunately with no loss of life.

- In 2013, 72% of the units were vacant.
HOUSING PRODUCT

- Product situated in clusters.
- “Barns” or “people packers,” typically with 2 or 3 stories, with 24 small units in a center corridor plan.
- “Townhomes” with two stories and full basements containing 1,350 to 1,600 sq. ft.
- By 2013, market rejection of the Barn-product and flagging market support for the Townhome-product.
Pre-Intervention Vacancy Analysis

98% Vacant

100% Vacant

58% Vacant

96% Vacant

Pre-Intervention Vacancy Analysis
PRE-INTERVENTION CONDITIONS

AND THERE YOU HAVE IT:

- High vacancy
- Wide-spread disrepair
- Large pockets of hopeless blight
- Crime
- Prostitution
- Drug dealing and use
- Shootings
KNOW’N WHEN TO HOLD’EM.
KNOW’N WHEN TO FOLD’EM.
Deal’em 1: Prairie Township

- In July, 2013, commencement of Section 505.86 – Township Code Enforcement Action.
- Township line and divided building issues.
- Culminated in an agreement that ownership would demolish 17 buildings by a date certain or that Township could demolish.
- The date certain came and passed.
- COCIC commencing fencing to draw the fire of ownership.
- Simultaneously, COCIC underwrote cost of Township’s engagement of trial counsel.
AND WOW DID WE DRAW THEIR FIRE:

• Ownership filed an action in the U.S. District Court against Prairie Township seeking a temporary restraining order and preliminary and permanent injunctions.

• Oh, and also $19,000,000 for damages, plus punitive damages and attorney fees.

• TRO denied, but action continued pending.

• COCIC immediately begin demolition on 11 (out of the 17) buildings containing 264 units.

• But Judge -- the Romney deal insight.

• But Judge -- the KREG deal insight.

• Demolition sequencing and leverage.
WHILE THE PUSHING AND SHOVING GOES ON, WE’RE TEARING DOWN BUILDINGS!!!
AND AFTER THE DEAL-MAKING WAS DONE:

- Demolition expenditure of $1.5 Million.
- Moving Ohio Forward reimbursement of $750,000.
- First mortgage (vs. assessment) $850,000.
- Romney reimbursement of $100,000.
- 4 more buildings subject to demolition if no tax credit award by end of March, 2015.
- 17 buildings – 385 units demolished.
- Cleared redevelopment site.
A DIGRESSION ON THE FRAILTIES OF SECTION 505.86:

• Compliance with statute and requirement of due process.
• Notice, an opportunity to defend, right of counsel and right to appeal.
• Ohio Administrative Procedures Act.
• Swearing of witnesses and making of a record.
• Hearing de novo.
• Legislative re-vamp being explored by Coalition of Large Ohio Urban Townships (CLOUT).
Deal’em 2: Franklin Township – The Park

- The Romney deal is off.
- No, wait. The Romney deal is on.
- The first Romney purchase contingency – a free demolition.
- But with a donation of the site for public park purposes.
AND AFTER THE DEAL-MAKING WAS DONE:

• Demolition expenditure of $270,000.
• Moving Ohio Forward reimbursement of $135,000.
• Romney donation of 2.5 acre site for public park purposes.
• COCIC park parking expenditure of $25,000.
• Romney donation of $75,000 of playground equipment.
• COCIC/Township obligation to operate as a public park for 21 years.
• 4 buildings – 96 units demolished.
• Cleared park site.
Deal’em 3: Franklin Township–The Development Site

- The second Romney deal contingency – a huge demolition.
- 14 buildings with 233 units.
- Seven acre site on Georgesville Road.
- Located opposite one of the two principal entrances to the Hollywood Casino.
- Share traffic signal with Hollywood Casino.
AND AFTER THE DEAL-MAKING WAS DONE:

• Demolition expenditure of $960,000.
• Moving Ohio Forward reimbursement of $480,000.
• COCIC ownership of seven acre site.
• Romney option to acquire within 3 years at cost equal to total demolition cost.
• 14 buildings – 233 units demolished.
• Cleared development site opposite Hollywood Casino.
Building Demo Count: 14
Unit Demo Count: 233
Deal’em 4:
Franklin Township - Havenwood Townhomes

• Acquisition by the Romney Group.
• Acquiring and repositioning distressed apartment communities for 7 years.
• The Romney business plan is generally to hold and operate.
• Metro West is its largest acquisition.
• Acquisition of all Metro West Townhomes, 97 buildings – 820 units.
- 97 Buildings
- 820 Units
- 164 2BR – 1.5 BA 1,344 SF/ Full Basement
- 656 3BR – 1.5 BA 1,608 SF/ Full Basement
AND AFTER THE DEAL-MAKING WAS DONE:

- $9 Million acquisition in a cash transaction.
- Full exterior and interior renovation, now underway.
- All acquisition and renovation costs borne by Romney.
- No financial or tax incentives from Franklin County or Franklin Township.
- No extinguishment of delinquent real taxes or assessments by COCIC.
- No incentives from COCIC, other than the demolitions.
# Add’em Up

<table>
<thead>
<tr>
<th>Uses:</th>
<th>$$$</th>
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<td>Demolition and park expenditures</td>
<td>$2,625,000</td>
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<th>Sources:</th>
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<tr>
<td>Moving Ohio Forward Reimbursement</td>
<td>$1,300,000</td>
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<tr>
<td>Romney reimbursement</td>
<td>100,000</td>
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<tr>
<td>DTAC</td>
<td>1,225,000</td>
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<td>Total Sources</td>
<td>$2,625,000</td>
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<th>Recovery Analysis (supported by appraisals):</th>
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<tr>
<td>Recovery secured by first mortgage</td>
<td>$850,000</td>
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<tr>
<td>Recovery from 7 acre site</td>
<td>960,000</td>
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<td>$1,810,000</td>
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| DTAC net of recovery ($1,225,000 - $1,225,000) | 0 |
| MOF net of recovery ($ 1,300,000 - $585,000)  | $725,000 |
Let’s Make A Deal
Questions/Comments

It’s Not Over…
Moving a Market

MOVING A MARKET THROUGH A STRATEGIC INTERVENTION:

- Markets
- Sub-Markets
- Data Points
- Stabilization versus Moving a Market
Moving The Market

THE “PRE-INTERVENTION” PICTURE:

- A submarket in free-fall.
- Vacancy stood at 58%.
- Average rents at acquisition were 43 cents per square foot per month.
- Next lowest rent in a market with a three mile radius was 55 cents per square foot.
- Next lowest after that was 74 cents per square foot.
- No maintenance. Delinquent taxes, water and sewer accounts.
- Inadequate management, security and other services.
- Death spiral.
Moving The Market

THE COCIC INTERVENTION:

• Demolition of 35 buildings, 714 units.
• Development of public park.
• Facilitation of acquisition by new ownership.
THE ROMNEY INTERVENTION:

• Renamed and branded as Havenwood Townhomes.
• Introduction of 24/7 security.
• Eviction of drug dealers and prostitutes.
• Complete renovation of Community Center, common areas and grounds.
• Complete exterior renovation of 97 Buildings – including new roofs, spouting, doors and windows. Underway.
• Complete interior renovation of 820 Units – including new appliances and floor coverings. Underway.
• Stabilized occupancy with early signs of re-population.
RENTS AND RENTERS:

• Average rents at acquisition were 43 cents per square foot per month, making monthly rents between $580 for 2 BR and $690 for 3 BR units.
• Havenwood is now leasing at just below 55 cents per square foot, making monthly rents $735 for 2 BR and $885 for 3 BR.
• With renovation of 25 units complete, rents are being well received.
• Renters are a mix of new and tenants relocating from un-renovated units.
GOING FORWARD:

• Romney believes that repositioning of the property is at least a two to three year process.
• That it takes a full year for the market to accept “that there is a new sheriff in town.”
• Full renovation of all 820 units over the next 2 ½ years.
• Repositioning of the property as the best family housing in the submarket.
Moving The Market

WITH PERFECT HINDSIGHT:

• A distinct Sub-Market. Clear edges. If you can’t differentiate your Sub-Market, then you won’t be able to differentiate your product.

• Adjacencies that provide lift to the Sub-Market or that are at least neutral in effect or that visit a minimal negative influence.

• A product that dominates the Sub-Market and is under-performing in the Sub-Market and larger market.

• A clearly identified cause for the underperformance that is correctable.

• A willing party with experience that is relevant and with resources that are adequate for a decisive intervention.

• Public resources that are adequate to induce a decisive intervention.
Havenwood Townhome Community

New Owner
New Team
NEW VISION!
Stop by to See the Difference

Amazing Renovations Underway!

Community Amenities
- Kids Park
- Clubhouse
- Indoor Pool
- Activity Center
- COTA 3, 6 and 10 Bus Lines
- Fitness Center and Yoga Studio
- Freeway Access
- Pet Friendly Under 35 lbs.
- Online Payments Accepted
- Across from Hollywood Casino

Townhouse Amenities
- Additional Storage
- Large Closets
- Dishwasher
- Air Conditioner
- Refrigerator
- Garbage Disposal
- Cable
- Washer/Dryer Connections
- Full Basements

Directions:
From I-270, exit east on W. Broad St., turn right onto Georgetown Rd., going south. Turn right onto Lincoln Parks, following the signs to our leasing center.

4312 Westport Road
Columbus, OH 43228
Phone: 614.272.2100
Fax: 614.276.5508

www.HavenwoodTownhomes.com
Questions/Comments
Thank You!