



■ Stillman in the Community, the Community in Stillman
■ **Roadmap to Redevelopment**

Prepared for:
Stillman College, Tuscaloosa, AL

Prepared by:
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About the Roadmap to Redevelopment

The *Roadmap to Redevelopment* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfield communities on redevelopment finance. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFAs Brownfields Project Response Teams comprised of CDFAs staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFAs will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *Roadmap to Redevelopment* was developed through a two-day process that included interviews with numerous stakeholders from the government, business, and non-profit sectors. The plan provides a framework for the financing of any development on Stillman College's campus.

The *Roadmap to Redevelopment's* recommendations combine the input of development finance experts, CDFAs staff, and the interests of stakeholder groups gathered during the Project Response Team site visit.

Background & History

Along the banks of the Black Warrior River, in Western Alabama, sits the City of Tuscaloosa. The river, a focal point in the city, drew in Native American tribes and attracted settlers at the beginning of the 19th century. In 1819, Alabama was admitted as a state to the Union and Tuscaloosa served as its capital from 1826-1846. In the 1890s, a system of locks and dams was constructed on the Black Warrior River and the region began to steadily grow. Based on its location and proximity to the Black Warrior River, Tuscaloosa is a prime location for manufacturing plants that stimulate the local and global economies.¹

In today's Tuscaloosa, outside of the bustling downtown and fan-filled stadium, Tuscaloosa is working to improve the lives of its residents. Capitalizing on the City's beautiful location, the Tuscaloosa River Walk provides miles of shopping, dining, and scenic views. With plans to extend the River Walk and develop the waterfront property, Tuscaloosa will be more than a college football town and make its mark as a destination for visitors from all around. Like any city, there are parts of Tuscaloosa that are waiting for their piece of the development and want to leave their mark on this up and coming city.



Dr. Warrick leading the PRT team tour

One of those pieces is the Historically Black College and University (HBCU), Stillman College. Currently on the edge of major development sites in Tuscaloosa, Stillman College, a liberal arts institution, is a staple in the Tuscaloosa community. Originally named the Tuscaloosa Institute and authorized by the General Assembly of the Presbyterian Church in 1875, Stillman College has been developing and expanding ever since. With their mission and vision grounded in faith, they strive to provide a Christian education to their students and

instill the importance of community. Since its first class in 1876, Stillman College has been a part of Tuscaloosa serving not only the students that attend but the larger public. Living up to their motto "Stillman in the community, the community in Stillman" they open their gates to provide spaces for community meetings, youth basketball games, and conferences. With a campus that extends over 105 acres, Stillman College has the potential to build on its legacy and incorporate the Tuscaloosa community on their campus more than ever before.²

¹ <https://www.tuscaloosa.com/history>

² <https://stillman.edu/about-us/>

On Stillman's campus sit the King and Williams dormitories, which are believed to have an asbestos problem. Situated near the main entrance and unable to use the buildings, this brownfield site has the potential to open up many opportunities for Stillman College and the surrounding community. With less than 1,000 students, Stillman College is looking for ways to increase enrollment and foster a deeper connection to the community.



King and Williams Dormitories

Stillman in the Community, the Community in Stillman

Roadmap to Redevelopment

Recommendations: Project Specific

The project-specific recommendations outline several steps that should be completed to optimize the success of this project. These parts guide the development by gathering a consensus, understanding the costs, and finally, garnering community and investor support.

Part I: Consider Alternatives

The important role of Stillman College is not lost on the community, but it should be considered that what is best for Stillman College and what is best for any private company who may work with Stillman College may not align. Stillman College has a responsibility to explore all potential options for its brownfield site. This is an important discussion to have so that all possible scenarios are discussed and all possible solutions considered.

Stillman College is considering a new workout facility to attract and retain students to Stillman's campus. If Stillman College can raise the funds on their own to build a smaller scale workout facility, this may be a more budget-friendly option. If a smaller facility is designed that only has to meet the needs of Stillman then it will require less capital and less fundraising effort. A smaller project would also include fewer stakeholders and allow for more flexibility when developing the capital stack. All options need to be considered before moving forward.

Part II: Generate a Memorandum of Understanding

A memorandum of understanding (MOU) is an agreement between two or more parties outlined in a formal document. It is not legally binding but signals the willingness of the parties to move forward with a contract.³ An MOU outlines expectations and responsibilities between all committing parties. If Stillman College would like to partner with a private company, an MOU would define who the building owner is, who is responsible for day-to-day operations, and how the income will be split. Stillman College should also consider any other significant stakeholders that should be included in the MOU. It is also an opportunity to work out details of the planning and address any concerns of the stakeholders. Having a formal agreement between all required parties will legitimize the plan and show all stakeholders that careful consideration has been put into the planning process.

³ <https://www.investopedia.com/terms/m/mou.asp>

Part III: Enlist a Consultant for the Development Plans

The largest variable in this project is the cost of constructing and maintaining the building. Everyone involved should have a clear understanding of the amount of capital needed to fulfill the project and the cost of maintaining the building after it has been built. Ideally, decisions regarding the size of the building and how to accommodate all of the needs of both Stillman College and any new private development will be outlined in the MOU. A consultant will provide guidance to help Stillman College and any potential partners with an understanding of how much capital will be needed to construct a building to meet everyone's needs.

Part IV: Create a Community Impact Report

A community impact report (CIR) is a formal document that illustrates the cost of the project and the benefits to stakeholders and the community. This is an excellent way to keep everyone informed and increase the amount of communication. This will also help gauge community desire and address any concerns that the public may have. The CIR will also be able to illustrate the benefits of any partnerships Stillman College negotiates. This impact must be clearly shown to encourage investors, community members, and stakeholders to support this potential project.

Recommendations: Financing Specific

Before the site visit, Stillman College officials had recognized several funding sources available for this project. This included a mandatory student fee, CDBG money, and potential funding from Elevate Tuscaloosa. In addition to these funds, the CDFA Project Response Team has identified several other financing options available.

Part I: Comprehensive Financing

Listed below are various forms of financing that will be able to help fund any development on the campus of Stillman College.

I. EPA Assessment Grant

Assessment Grants provide funding for a grant recipient to inventory, characterize, assess, conduct a range of planning activities, develop site-specific cleanup plans, and conduct community involvement related to brownfield sites. The performance period for these grants is three years.⁴ A Phase I EPA environmental assessment

⁴ <https://www.epa.gov/brownfields/types-brownfields-grant-funding>

should be done as contaminants are expected on the site. If contaminants are found, then Stillman College should engage with the Alabama Department of Environmental Management to complete a Phase II environment assessment. This will provide a clear understanding of the environmental remediation required on the site for its proposed end-use. After Phase II is complete, both the cost of the remediation and a remediation plan can be put into place.

II. EPA Cleanup Grant

If contamination is found on the site, then applying for an EPA Cleanup Grant would be an ideal next step. Cleanup Grants provide funding for eligible entities to carry out cleanup activities at brownfield sites. An applicant must own the site for which it is requesting funding.⁵ If the site is found to be contaminated, then this grant can help finance the needed remediation and prepare it for redevelopment at minimal cost to Stillman College.

III. Mandatory Student Fee

Capitalizing on a mandatory student fee is one funding source that was initially recognized by the administration at Stillman College. Creating a mandatory fee for students, faculty, and staff for access creates a stream of revenue that demonstrates Stillman's capability to pay debt service. Although this idea was created for the union of Stillman College and the Benjamin Barnes YMCA, this revenue stream could be replicated with most other developments that could partner with Stillman College. This proof of income would become essential if Stillman College was considering conventional debt.

IV. Community Development Block Grant

The Community Development Block Grants (CDBG) program is federally funded and was enacted into law in 1974. CDBG provides cities, referred to as "entitlement communities," annual direct grants that are used to revitalize neighborhoods, expand affordable housing and economic opportunities, and improve community facilities and services, principally to benefit low and moderate-income persons. Any activity funded through the CDBG program must meet one of these national objectives: to benefit low and moderate-income persons, to aid in the prevention or elimination of slums or blight, and to meet a particular urgent need. Since 1975 the City of Tuscaloosa has received an average of \$1.44 million each year in CDBG funds.⁶ This is an ideal source of funding that should still be pursued as it can be leveraged with other financing sources including federal, state, local, or private funds.

⁵ <https://www.epa.gov/brownfields/types-brownfields-grant-funding>

⁶ <https://www.tuscaloosa.com/live-play/housing/cdbg>

V. 501(c)(3) Bonds

Federal and state laws permit certain types of debt financing for a variety of capital improvements on a tax-exempt basis under Federal income tax laws. The principal advantage of this financing method is the lower interest cost in comparison to the interest rate on conventional debt available to borrowers. Tax-exempt bonds are traditionally issued by state and local governmental units for government functions, such as school construction, public infrastructure, and municipal utilities. However, certain private organizations may also utilize the benefits of conduit tax-exempt financing through state and local governmental units as well as quasi-governmental organizations such as Municipal Authorities. Legally designated 501(c)(3) organizations can access this low-cost tax-exempt financing through 501(c)(3) bonds.

VI. Elevate Tuscaloosa

In April 2019, Tuscaloosa City Council voted to approve the first sales tax increase since 1991. The sales tax increase will be diverted to support the city's "Elevate Tuscaloosa" plan which was designed to increase funding towards education, transportation, recreation, and public safety projects. Once the plan was approved, Tuscaloosa City Mayor, Walt Maddox, created a 32 member advisory council to help the city in selecting projects to finance. The members of the advisory council are split into three subcommittees which are Connectivity, Cultural Arts and Tourism, and Parks and Recreation. These three subcommittees make project recommendations to the Mayor who then makes endorsements to the City Council to vote on.⁷ The Elevate Tuscaloosa plan funds capital improvement projects throughout Tuscaloosa based on the three principles mentioned above. If the new development on Stillman's campus would be an acceptable project under the Elevate Tuscaloosa plan, it would be wise to seek funding from this program.

VII. Historically Black College and University Capital Financing Program

The goal of the program is to provide low-cost capital to finance improvements to the infrastructure of the nation's historically black colleges and universities (HBCUs). Specifically, the program provides HBCUs with access to capital financing or refinancing for the repair, renovation, and construction of classrooms, libraries, laboratories, dormitories, instructional equipment, and research instrumentation. This is a loan program that would be able to be utilized if Stillman College wanted to build a student center or any other type of new construction. Careful consideration would be needed before applying for this loan as no more than five percent of the loan proceeds provided under this part may be used for the facility, center, or union

⁷ <https://www.elevatetuscaloosa.com/>

if the facility, center or union is owned, leased, managed, or operated by a private business that, in return for such use, makes a payment to the eligible institution.⁸

VIII. Traditional Crowdfunding

Traditional crowdfunding may be a way for the community to raise money to fund the new development. Traditional crowdfunding pools together small amounts of funding from people who want to support a specific cause, business, or product. Many traditional crowdfunding platforms are reward-based, in which an investor receives a reward in return for pledging, such as a plaque or brick on the site or a product of some kind; sometimes the reward is the product being funded and is received after the successful financing is realized. Hundreds of platforms for crowdfunding exist, and some have a local or regional focus.

Creating a comprehensive strategy to engage the alumni network is one source of crowdfunding that may have the best results. Alumni are typically more generous than the public as they look back with nostalgia, have a desire to stay connected to the college community, and want to show appreciation for the education and experience they had. The benefits of spurring alumni donations are evident when one considers that if 10,000 alumni donated \$50 over one year, that institution would have received \$500,000. This prospective revenue could be diverted to help fund the new development and support faculty.

IX. Public Works and Economic Adjustment Assistance Programs

The Economic Development Administration's (EDA) Public Works and Economic Adjustment Assistance (PWEAA) Program grants support the construction or rehabilitation of essential public infrastructure and facilities needed to generate or retain private-sector jobs and investments, attract private sector capital, and promote regional competitiveness. Program investments include those that expand and upgrade infrastructure to attract new industry, support technology-led development, redevelop Brownfield sites, and provide eco-industrial development. Directly or indirectly, funded projects must improve the opportunities for the successful establishment or expansion of industrial or commercial plants or facilities in the region where the project is located, assist in the creation of additional long-term employment opportunities in the region, and primarily benefit the region's long-term unemployed and members of low-income families.⁹ This grant should be pursued as the construction of a facility is an eligible use as well as Stillman College being an eligible user. The award ceiling is \$3 million so this funding would need to be added in conjunction with other development finance tools.

⁸ <https://www2.ed.gov/programs/hbcucapfinance/index.html>

⁹ <https://www.grants.gov/web/grants/view-opportunity.html?oppId=321695>

X. Opportunity Zones

The Tax Cuts and Jobs Act (HR 1) that was signed into law late in 2017 created a new tax incentive called Opportunity Zones, which is designed to attract capital to low-income census tract areas. This allows investors to defer tax on capital gains if the proceeds are invested in a Qualified Opportunity Fund (QOF) which is used to support new or existing business activities within the zone. The capital gains invested in a QOF are eligible for partial tax forgiveness if the investment is held for at least five years, and if an investment is held for ten years, any tax on the appreciation of that investment is forgiven. Many investors are willing to provide capital to projects but lack the wherewithal to locate and follow through on opportunities in needy communities. Opportunity Funds are meant to democratize economic development by allowing a broad array of investors throughout the county to pool resources, increasing the scale of investments going into underserved areas. The new development could be financed using QOF because the property is located in an Opportunity Zone. As Stillman is designated a 501(c)(3) organization, Stillman College would need to create a subsidiary company that “owns” the land the site would be on to access investments from a QOF.

XI. New Markets Tax Credit

The New Markets Tax Credit Program is a great way to funnel private capital to underserved communities. The Community Development Financial Institutions Fund (CDFI Fund), which administers the NMTC Program, holds a highly competitive application process through which it awards tax credit authority to Community Development Entities (CDEs). These CDEs serve as financial intermediaries through which private capital flows from an investor to a project in a low-income community. The investor chosen by the CDE receives a tax credit totaling 39 percent of the cost of the investment that is claimed over a period of seven years.¹⁰ If the project developer would like to seek NMTCs, there are up to twenty CDEs that can deploy tax credits in their region.

XII. Public-Private Partnership

A public-private partnership is a contractual arrangement where a government agency contracts with a private partner to renovate, construct, operate, maintain, and/or manage a facility or system that provides a public service. Stillman College may retain ownership of the facility or system but the private party generally invests its capital to design and develop the facility or system. Typically, each partner shares

¹⁰ <https://www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open=open&id=occ-nmtc-insights-0813.html>

in income resulting from the partnership.¹¹ Although the contractual agreements vary, the private sector partner usually contributes with a substantial equity investment and Stillman College would gain access to a new revenue stream without having to pay the private-sector partner. The underlying strength of the P3 model is that the private sector has sufficient expertise and availability to successfully deliver project objectives. In this case, Stillman College would play the role of the public sector partner and would allow a private entity to invest in a development on the campus.

XIII. Event Hosting

Once the site has been developed, event hosting is a great method for generating funds. Event hosting opens the doors for many benefits including selling sponsorships, an opportunity for crowdfunding, showcasing Stillman College campus, and developing a strong image for student recruitment. To make this successful, Stillman College should continue to develop its relationship with Tuscaloosa Tourism & Sports and work with them to find events that would be feasible to host on campus. With a potential multi-sports complex in the future for Tuscaloosa, plus the facilities available at the University of Alabama, Stillman College should not try to compete with the larger sports complexes and venues that already exist in Tuscaloosa. Stillman College needs to determine what makes them unique and figure out what events will naturally be drawn to their campus.

XIV. Corporate Sponsorship

Corporate sponsorship is a form of marketing in which a payment is made by a company for the right to be associated with a project or program. Corporations may have their logos and brand names displayed alongside the organization undertaking the project or program, with specific mention that the corporation has provided funding. While this may be mutually beneficial to both parties, corporate sponsorship is not a donation; it is a business deal.¹² Outreach to local, regional, and national corporations would diversify sponsorship and would help secure some of the financing needed for this project.

XV. Grants

When financing a project, a developer generally raises capital through two different sources; debt or equity. However, grant money exists as a third source. Grant money can be advantageous to pursue as it does not require repayment, however, grant money usually comes with its requirements.

¹¹ Rittner, T. and Chilcote, L. (2009). *Practitioners guide to economic development finance*. 2nd ed. Cleveland, Ohio: Council of Development Finance Agencies.

¹² <https://www.investopedia.com/terms/c/corporate-sponsorship.asp>

1. W.K. Kellogg Foundation

The W.K. Kellogg Foundation (WKKF) is always looking to support new and innovative ideas and efforts that help ensure all children, families, and communities – regardless of race or income – have opportunities to reach their full potential. Embedded in all that they do is a commitment to advancing racial equity, to developing leaders, and to engaging communities in solving their own problems.¹³ In the past, WKKF has awarded grant money to HBCUs proving this foundation has a history of supporting and would support Stillman College in their future endeavor.

¹³ <https://wrm.wkkf.org/uWebRequestManager/UI/Application.aspx?tid=24bf1841-48f7-4971-b7a7-96bd78992f62&LanguageID=0>

Recommendations: Future Considerations

These several recommendations were identified as steps that could be taken for the success of Stillman College and specifically, the project that will replace the King and Williams Dormitories.

Part I: Develop a Master Plan

A master plan is a long-term planning document that provides a conceptual layout for future growth and development of a public or private entity. Typically, a master plan weaves together the existing infrastructure, economic outlook, projected growth, strategic initiatives, and the surrounding environment. A well-grounded master plan is produced from consulting the public and local experts through a combination of stakeholder and public meetings, surveys, and consulting local and regional planning commissions.

During CDFA's site visit to Tuscaloosa, the project response team was informed that Stillman College has a master plan under development. This is a task that would be best done in conjunction with the City of Tuscaloosa and all applicable anchor institutions. If Stillman College collaborates with these partners, they will be better able to plan and allocate resources for development that would enhance both of their original plans. These coordinated efforts do not solely increase the success of each of their plans but also builds a strong working relationship that can seem immeasurable in benefits. While these relationships strengthen, Stillman College would ideally help the City and other anchor institutions determine what community development projects need to occur to best meet the community's goals and aspirations.

Part II: Connect to the Riverwalk

The upcoming Western Riverwalk is an economic catalyst that will encourage growth and reinvestment in Western Tuscaloosa. A well-developed connection to the Western Riverwalk will increase local property values, spur the increase of new development, and most importantly, be a recruitment tool for Stillman College. If utilizing Elevate Tuscaloosa or CDBG money for the new development on Stillman College's campus is not feasible, it would be beneficial to attempt to use those sources to help fund a connection between the Riverwalk and Stillman College.

As the Western Riverwalk is completed, there is no safe way for citizens of Western Tuscaloosa to get to the riverfront without driving a car. One of the goals of Elevate Tuscaloosa is to support connectivity and public safety. Expanding sidewalks from the Riverwalk to the campus would help to achieve that goal.

CDBG funds are used to revitalize neighborhoods, expand economic opportunities, and improve community facilities and services to benefit low and moderate-income persons. Creating a safe, secure, and affordable way to reach the Riverwalk from Western Tuscaloosa would be an approved use of these funds.

As this area prepares for reinvestment, the City of Tuscaloosa should determine the appetite for the implementation of a Tax Increment Finance (TIF) district. One variant of TIF in Alabama is the “Pay As You Go” model which allows you to make improvements and pay as funding becomes available. This would be an ideal funding source for Stillman College to advocate for as neither CDBG nor Elevate Tuscaloosa funding will be able to finance all street improvements to the Riverwalk.

Part III: Additional Grants

There is a plethora of grants available that will help with the success of Stillman’s redevelopment project, its students, and the college as a whole. As there is an ever-growing and ever-changing list of grants available, Stillman College should seek to apply to the grants that provide the most benefit to their cause. Currently, Stillman College is in the process of applying for the HBCU Grant Program from the National Parks Service (NPS).

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Roadmap to Redevelopment

Additional Resources

CDFA Brownfields Financing Toolkit |

<https://www.cdfabrownfields.org/cdfa/cdfaweb.nsf/pages/brownfields-resources.html>

CDFA Online Resource Database |

<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

CDFA Federal Financing Clearinghouse |

<https://www.cdfa.net/cdfa/cdfaweb.nsf/ffcsearch.html>

Types of Brownfields Grant Funding (Environmental Protection Agency) |

<http://www.epa.gov/brownfields/types-brownfields-grant-funding#tab-1>

Alabama Department of Economic and Community Affairs |

<https://adeca.alabama.gov/Pages/default.aspx>

Alabama Department of Environmental Management |

<http://www.adem.state.al.us/default.cnt>

Community Development Block Grant |

<https://www.tuscaloosa.com/live-play/housing/cdbg>

Tax Increment Finance |

<https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/tif.html?open&state=AL>

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Organizations

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