

Iconic Butte Building Brought Back to Life

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The Historic Sears Building in Butte is about to reclaim its former glory as a hub of activity in the heart of Uptown Butte. The building's developers and local community partners, including MCDC, aim to revitalize the historic neighborhood by bringing back a mix of urban housing and retail space to this early 1900's five-story brick building. The project came together with MCDC's New Markets Tax credit financing.

The completely renovated building will include 34 residential apartments with modern amenities. The one, two and three bedroom apartments will include hardwood floors, high ceilings and modern open kitchens. The five-story building will be served by a high-speed elevator, and the walls between each unit have been double-studded and insulated to achieve one of the highest sound dampening ratings available. When completed, the Historic Sears Building is expected to achieve LEED certified status, meaning that it has complied with some of the most stringent environmental standards in the construction industry for energy efficiency, material and resource re-use, water efficiency and indoor air quality. The building's design celebrates its place in Butte with balconies on the south facing units featuring rare panoramic city views with mountain backdrops. The building will feature scenic rooftop decks accessed via four penthouse apartments.

Consistent with the uptown master plan, the ground floor will be leased as commercial retail space. The Science Mine, a non-profit, hands on science museum, similar to the Exploratorium in San Francisco, is set to occupy the basement level. The museum will include an exhibit highlighting the green aspects of the building renovation.

The building's combination of retail and housing echoes back to the historic boom times of the mining city. The building was originally built in the early 1900's as an annex to the Hennessy store and housed the Hennessy grocery store on the main floor and miners' apartments on the upper floors. In 1941 Sears Department store took over the retail space until it closed in the 1970's. The property reverted to the City and County for back taxes and was vacant while the City explored development alternatives. In 2006 the City issued its most ambitious developers bid packet ever, seeking proposals to redevelop the Sears Building.

Amidst nationwide competition, Kujawa Development LLC of Butte, headed by Nick Kujawa, won the opportunity to redevelop the Historic Building. Karen Byrnes, Director of Butte Silver Bow's Urban Revitalization Agency (URA) gives Kujawa credit for his vision and persistence in putting all of the development pieces in place.

The project was awarded various grants and loans from local agencies including the Butte Urban Revitalization Area and the Butte Local Development Corporation. Federal tax credit programs came into play with the U.S. Park Service's National Historical Preservation program and more recently with the federal New Markets Tax Credit

program.

Byrnes says “the New Markets Tax Credit Program has been the perfect tool for a project of this magnitude involving a historic building in need of major remodeling. The program was the crucial last piece in the getting the development project up and running.”

Heidi DeArment, Vice President of Financial Services at the Montana Community Development Corporation (MCDC) agrees. “Financing for renovations of older buildings can be tricky. The cost of renovating old buildings often exceeds the appraisal values required by a single traditional bank loan. And because of that, communities often lose their architectural treasures. Luckily for Butte, there are programs in place to help save historic buildings and local agencies and banks willing to explore those programs.”

MCDC and the building’s owners worked with Pam Butler and others at Glacier Bank to put the tax credits to work for the \$8.7 million Sears Building project. “MCDC was pleased to work with a locally-owned venture and local Bank to bring this project to fruition. It will result in good jobs and an enhancement to the convenience and quality of life for those wanting to live in Uptown Butte – a neighborhood in need of new growth – these are hallmarks of the types of projects that we seek to help finance,” said DeArment.

The New Markets Tax Credit program is a federal tax credit tool that provides incentives for private investment in building projects that help revitalize low-income areas. Prior to 2008, the program had been used primarily in larger urban areas. Due to changes in the program spearheaded by Senator Baucus in 2007, a portion of the tax credits were required to be invested in rural states. “During these difficult times, the tax code should encourage investment in downtown businesses, which is why I have used my position as Chairman of the tax-writing Finance Committee to ensure that rural areas get their share of the New Market Tax Credits program and tax credits in general,” said Senator Max Baucus. “I’m working to find new solutions that will continue to benefit Montana’s communities.”

The program allows MCDC to sell federal tax credits to private investors in order to generate very low-cost financing for eligible building projects with high community impacts. In this case, Glacier Bank stepped forward to provide the tax credit investment and the debt financing. “We are excited to be part of restoring Uptown Butte to its former vitality by bringing housing and essential services to the neighborhood. MCDC and the federal tax credit program helped make that possible.” Glacier Bank Senior Vice President and Branch Manager, Pam Butler.

The Historic Sears Building is scheduled to open in the fall of 2010.

For more information on the New Markets Tax Credit Program or other business financing options in Butte, contact Heidi DeArment , 406-729-9234, ext. 213, www.mtcdc.org or Pam Butler, Senior Vice President, Branch Manager of Glacier Bank, 406-497-7000, www.glacierbank.com.

For further information on this story contact:

Lynn Dankowski

Marketing Officer

MCDC (Montana Community Development Corporation)

Phone: 406-728-9234 #215

lynnd@mtcdc.org

www.mtcdc.org

Dave Glaser

Vice President of Operations

MCDC (Montana Community Development Corporation)

Phone: 406-728-9234 #211

dave@mtcdc.org www.mtcdc.org