

## SPECIAL CALL CITY COUNCIL MEETING

*Tuesday, August 10, 2021  
6:00 p.m.  
City Hall, Council Chambers*

### ROLL CALL

**Present:** Council Members Welch, McCoy, Mayor Pro Tem Dobson, Council Member Franke and Mayor Hark – 5

**Absent:** Council Members Veach and Bowen - 2

### CALL TO ORDER

There being a quorum present, Mayor Hark called the meeting to order.

#### **3 DIAMOND DEVELOPMENT, LLC**

**Re: *Proposed Adaptive Reuse Project – City Owned Property***  
*(109 Virginia Street – Former St. Elizabeth’s Hospital)*

Ben Porush, Director of Operations for 3 Diamond Development, LLC, approached Council to update them and the public in attendance, their firms plans for the City owned property located at 109 Virginia Street (former St. Elizabeth’s Hospital). He informed 3 Diamond Development are owners and developers of affordable housing, primarily the main focus is senior housing. They have a back ground in multi-family housing, with a strong focus in senior care in independent living along with skilled nursing facilities. They like to focus on sophisticated, safe and modern housing for seniors with as many amenities as possible. Currently, they have developments in Illinois, Iowa, Kansas, Missouri, and Oklahoma and have been in existence since 2008. With this project, they plan to reuse the existing structure, particularly being as it’s on the historical registry, coupling with the need for affordable housing, which is ever growing. Land is always a resource, however, it especially unique to have the opportunity to use an old building, along with partnering with the City and the community.

Currently they are considering 54 units, 36 one bedroom and 18 two bedroom. Due to it being affordable housing, the range of rent will be mid \$300 to upper \$800 per month, depending on an individual’s income and due to senior housing, there would be income restrictions. Based on the financing 3 Diamond Development plans to seek through the Missouri Housing Cooperate Commission, this development would remain senior and affordable housing for at least 30 years, if not longer. Not only is the historic use of this building something that can be preserved, but the use is something that would be extended out and be preserved due to the restrictions on the property. He then introduced Curtis Goben, the project architect with Wallace Architects of Columbia, Missouri, who is working on the design of the building and has been working with service providers to ensure the units are suitable for seniors and also maximize the community space to maximize services that can be brought to the facility. Mr. Porush feels seniors are more

active than ever before and bringing those opportunities to them without needing to leave the facility, the better it is.

Mr. Porush advised as 3 Diamond Development is located in Chicago, and they don't live here, they want to feel like a part of the community. They want to be able to open up to the community and feel that anytime they have the opportunity to work with local providers it's beneficial for all.

Melissa Cogdal, resident at 316 Magnolia, questioned Mr. Porush on the funding, where it would come from, the timeline on the funding and the project and if the availability of the tax incentives from the State of Missouri is back on the table? Mr. Porush advised the main source of funding would be through Missouri Housing Development Commission (MHDC), the low income housing tax credits. They are applying for both Federal and State credits that are available in Missouri. Due to the building being on the historical registry, they could also qualify for Federal Historical tax credits. If they receive those tax credits they would be obligated to preserve the historical nature of the building. As far as the City incentives, those are the same as the ones that were in place for the previous developers that the City agreed to. The more funding they are able to utilize, the more they can put into the development and rehabilitation of the property.

Ms. Cogdal questioned when he refers to the City incentives, what is he referring to? She also advised there was a grant that was awarded previously for the property. City Manager Peck advised there was a grant for remediation of the asbestos in the building, however that grant has expired. She advised that Corey Mehaffy, Executive Director of the Hannibal Regional Economic Development Council, can speak about opportunities to seek a larger remediation grant, which is through the State not the City.

Mehaffy stated the grant they are referring to is the Environmental Improvement and Energy Resources Authority (EIARA) 190 Grant. He agreed with Ms. Cogdal and advised that yes, that grant was in place at one time, however, at the time there was not a developer in place, so that grant was lost. There have been ongoing conversations with EIARA about this particular project and they have committed to look at that program again, assuming we can show a commitment to the project. He believes the new grant may be at an increased amount, compared to the last one. He advised they continue to stay in contact with EIARA, however, they don't have a formal commitment for the grant.

Mr. Porush then spoke to the timing of the project; advising the dates to apply for the tax credits is in October, which usually take 90-120 days to award, taking it to the early part of 2022. If awarded the tax credits, it typically takes another 9-12 months to close on financing and then they would begin construction. Cogdal asked Mr. Porush if they will be applying this year for the tax credits, in which he concurred. Council Member Franke asked what if the tax credits aren't awarded to the developers this year, in which Mr. Porush advised 3 Diamond Development is committed to the project. He knows from experience when applying for the tax credits, it's very competitive and he realizes this project has been through the process before. Their philosophy is, "if it's a good project today, it's a good project tomorrow". 3 Diamond Development is committed to reapplying if they are not awarded the tax credits this year and hopes the City is supportive; they are not in the project to just apply once and then drop the project, if not awarded. He believes that every time a project is resubmitted, it increases the odds of being awarded the tax credits, as it shows a commitment to the project.

Council Member Franke questioned if the project is dependent on receiving tax credits, in which Mr. Porush concurred. Council Member Franke then asked if this was dependent on the historical

credits or just the affordable housing credits, in which Mr. Porush advised both. Being as the building is on the historical registry, Mr. Porush doesn't believe the Federal Historical credits will be as competitive. It is the MHDC credits, which is the 9% credits that are is competitive.

Council Member Franke questioned how many new, permanent jobs this project would produce, in which Mr. Porush advised he not exactly sure whether part or full-time, however, believes there will be three employees once the building is complete. This does not includes the jobs for the construction. He clarified this would not be a skilled nursing facility, that has a much broader staff. Council Member Franke then asked about wages for those employees, in which Mr. Porush advised it would be dependent on their experience and the wages in the state, however, he is estimating \$40,000 – \$50,000 per year.

Council Member Franke then questioned if these properties are self-managed by 3 Diamond Development or do they develop and sell? Mr. Porush advised they would remain the owners; they are in it for the “long haul”. Council Member Franke stated he knows companies that build/develop these properties and then sell in 5-7 years, in which Mr. Porush advised that is not his company's strategy. Due to the tax credits, even if they were to sell at some point, the restrictions stay with the property for at least 15 years. 3 Diamond Development's philosophy is to “own and stay”, currently their oldest project is about 10-11 years of being in existence.

Council Member Franke then asked about the 54 units, if they will be inhabited exclusively by those who reside Hannibal, in which he concurred. Mr. Porush advised the project is built for the Hannibal community, typically residents that come from outside of the area are those who have family members located here and want to move closer to them.

Ms. Cogdal questioned if they currently have any projects that are located in the middle of a residential area such as this one, advising the area is not commercial and is residential. Mr. Porush indicated they have taken that into consideration that this is a residential neighborhood with people living there and most of their developments are in residential areas. He believes most seniors like the company of the neighborhood, it makes them feel not so isolated. It would be a community within a community, which they believe is very beneficial.

John Lyng, resident of 625 Grand Avenue, questioned how much of the existing complex would be included in the architectural plans? Curtis Goben advised as of right now there is a portion of the building that was built in the 1970's that is not salvageable, which would be demolished, however, the perimeter of that building would be maintained. They will maximize as much of the existing building that they can. Mr. Lyng then questioned if that included the chapel, in which he concurred.

James Dewey, resident of 303 North 6<sup>th</sup> Street, questioned how soon before residents could move into the facility? Mr. Porush advised typically 9-12 months with new constructions, and with rehabilitation projects it could be longer, however realistically closer to 12 months. This would be after the award of the tax credits, if awarded and the financing is complete. Council Member McCoy stated that would mean the end of 2023, in which Mr. Porush concurred.

Mr. Lyng commented that between now and then, the building will still remain an eye sore, in which Mr. Porush advised that 3 Diamond Development can't do anything to the building until they own it. This is a complicated process and they need to do it the right way to ensure every step is taken correctly.

Mr. Dewey then asked how long the building had been vacant. Ms. Cogdal advised since 1992, which is when something “vital” moved out. There have been other businesses in parts of the building since then, however nothing substantial since 1992.

Ms. Cogdal questioned what the plans are for the parking lots that are located across the street from the building? Mr. Goben advised they are focusing on, on-site parking right now to accommodate the tenants, they will then evaluate after that. There are current conversations regarding the parking, however, they are trying to keep as much as possible isolated to the site. Ms. Cogdal doesn't feel it would be appropriate to utilize those parking lots for the tenants, however, wondered what the potential plans were. Mr. Lyng questioned if those are part of the “deal”, in which Peck advised the City does own them now and they are part of the “deal”. Mr. Goben advised right now they are discussing those parking lots to be additional parking for staff and visitors.

Mayor Hark advised there has been some discussions in the public, questioning the structural integrity of the building as you can visibly see bricks falling off, and asked Ms. Peck to elaborate on the condition. Peck advised there are some bricks that began “stair step” cracking, therefore an engineer was asked to complete a structural analysis. The engineer reported the building itself to be sound, the brick on the outside is a sheathing, having a concrete substructure, except the 1970's section. That section needs to be demolished, but the original hospital and the 1950's additions are still sound. Mr. Goben agreed with Peck and advised the brick that is falling, which is a safety hazard, is indeed sheathing and is a cosmetic fix. With that conclusion, Mayor Hark questioned if that “scares” 3 Diamond Development from the project, in which Mr. Porush stated it does not. Peck advised the City did provide the structural report, drone footage and all previous reports to the developers. Mr. Porush advised they are well aware the building is a historical building and realize it won't be in pristine shape.

Hal Benedict, resident of 197 Woodland Trail, asked if 3 Diamond Development has worked on similar projects? Mr. Porush advised they actually tried one similar once, however, it didn't get off the ground. It involved historical credits, was an old hotel in Quincy, and it just didn't come together. Mr. Porush feels it's very exciting to work at a project that not only is providing the housing need but to preserve historical buildings. Mr. Benedict then asked what other projects in Missouri they have been involved in, in order for the City to make contact with to evaluate past relationships. Mr. Porush advised they have been successful in being awarded the 9% tax credits in Missouri and in fact, just broke ground in Potosi, Missouri. They also received a 4% tax credit, which is a different tax credit, in Rolla, Missouri. Their current CFO is a former underwriter for MHDC so he is very familiar with the process.

Alberta Shaw, resident of 3901 Cheyenne, questioned what the senior age is? Mr. Porush stated senior age will be defined as either 55 or 62 and over. This will be determined by the application, however, they are looking now at age 62 and over. She then asked about disabled seniors and he advised they would absolutely be allowed.

Mr. Goden then advised for the mold abatement or hazardous material removal, it is required that a professional “team”, which will be hired as outside workers, go in and properly treat the facility for asbestos removal and abatement.

Ms. Cogdal reminded them the residential houses are very close to the building and asked how they would ensure protection for the neighbors so their lives aren't completely interrupted. She wants to make sure every citizen is thought of and taken care of with the development and

construction of the building and this is a very tight area to work in with houses so close. It's taken 5-10 years to rebuild that neighborhood, people are starting to buy homes again in the neighborhood, and she wants to ensure that consideration for them is taken during that time. She advised that last time a developer was interested in the property, she went and spoke to as many neighbors she could to gain support, advising people in that neighborhood "can make you or break you". Mr. Goben believes partnerships are everything with everyone that gets involved and they make a strong priority to protect the communities that are involved. Mr. Porush advised there are going to be lots of people, investors, MHDC, the City and neighbors that will be watching to ensure safety and it is completed properly.

Mr. Lyng, stated he is very impressed with the reaction and work of Hannibal Regional Hospital on the COVID-19 pandemic, trying to getting everyone vaccinated. However, this is the hospital's problem, we gave them our old municipal hospital, St. Elizabeth's Hospital, which they took over to use while they were building their new building on the highway, now they are awash in money. When the new building was complete, they dumped it on someone else and by his estimation it should be, at least partially, their responsibility and they should be held responsible. It bothers him that the hospital and the Board of Education have a history of building new buildings and then the old buildings get dilapidated and it becomes a problem for the City. He believes there should be some conversation about them staying with this problem they left the City with. Council Member Franke agrees with Mr. Lyng and hopes that part is in the news tonight.

Mayor Pro Tem Dobson advised he, along with others, traveled to Kirksville the last time this project was being considered for tax credits. He stated if they need someone to travel to support this, he is willing to travel to show support for the project. Mr. Porush stated he really appreciates the support, due to the margin of success for the tax credit, being very thin. He feels local support does not go unnoticed.

Ms. Cogdal questioned if they had access to the last three denials, in which Mr. Porush concurred. She hopes they take the opportunity to read it over due to the same denial reasoning listed in all three, there is a theme.

Mayor Hark, for his own curiosity, polled the audience asking if they were called upon to be participants to testify in favor, if they would in deed help, many were in favor. This isn't the City's project, it's a community/neighborhood's project. It's the residents that will be living with it and he wants to be sure everyone is on the same page. After many discussions with the developers, that has been their main goal, to enhance the community while serving the need for senior housing. 3 Diamond Development wants to ensure this will be a positive impact on the neighborhood. Mayor Hark agrees with Ms. Cogdal that the residents of that community are heavily investing into their properties. Mayor Hark believes the amount of people that show support can really make a difference on the approval process and it has a big impact. Mr. Porush agreed with the Mayor and hopes that anyone that is willing to support will voice it. This is not just at the City level, it can be County or State level as well. The funding is a very limited resource and their support would be much appreciated. Mr. Porush has seen on multiple occasions, on other projects, if the City and community are in favor of the project, it gets noticed. Mayor Pro Tem Dobson advised the Missouri State Representative lives here in Hannibal.

Mayor Hark asked if there was anyone else who wished to speak in relating to the project to speak, there were none.

Mr. Porush thanked everyone that came out indicating he has attended other community meetings where no one attended. He would much rather be part of a community that wants and supports the project.

Peck advised a link will be put on the City's website for anyone that wishes to contact the company with questions.

### **ADJOURNMENT**

A motion was then made by Mayor Pro Tem Dobson to adjourn the meeting. The motion was seconded by Council Member McCoy.

Motion carried.

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**James R. Hark, Mayor**

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**Angelica N. Zerbonia, MRCC, CMO - City Clerk**