

# Small Deal Fund

## The R.R. Smith Center for History and Art Staunton, VA

For three non-profit organizations in Staunton, Virginia, Small Deal Fund tax credit financing is helping to make their dream come true. In 1998, they formed the Staunton-Augusta History and Arts Alliance and purchased local landmark, the Eakleton Hotel, intent on rescuing the 1895 property from neglect and disrepair. With \$710,000 in federal tax credit equity from the Small Deal Fund and \$625,000 in state tax credit equity from the Virginia Historic Tax Credit Fund, the Alliance has undertaken a \$2.5 million rehabilitation of the property. Upon completion, the former hotel (most recently used as a furniture store) will open as the R.R. Smith Center for History and Art, a top-notch archival and educational facility that serves the arts, history, culture, tourism and economic development opportunities in the community. In addition to its archives and library function, it will offer technical support in historic preservation and adult and children's classes in drawing, painting, pottery and other arts. The Center will also provide office space for each the three sponsoring organizations in addition to shared conference space, a catering kitchen, lecture hall and a gift shop.



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Eighty-five percent of the federal tax credit equity will be paid once the project receives Part 3 (final) approval from the National Park Service, with the remainder paid in at six months of break-even or better operations (the state tax credit equity amount will be paid in one lump sum). Other sources include grant funding from the City of Staunton, TEA-21, CDBG and HUD and approximately \$250,000 in-kind donations and \$880,000 in pledge contributions. Phase I of the project, the exterior work was completed in 2002 and Phase II, the interior work is was completed in 2005.

Total Development Cost		\$4,314,304
Qualified Rehabilitation Expenditures		\$4,029,304
Federal Tax Credits	20%	\$805,861
Percentage to Small Deal Fund	99.99%	\$805,780
Federal Tax Credit Equity (per tax credit dollar)	\$0.88	\$709,086
Installments as Follows:		
Part 3	85%	\$602,723
6 Months Breakeven Operations	15%	\$106,363
	<b>100%</b>	<b>\$709,086</b>
State Tax Credits	25%	\$1,007,326
% to Small Deal Fund	100%	\$1,007,326
State Tax Credit Equity per \$1 of credits	\$0.62	\$624,542

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