

PRESS-REGISTER

GO Zone aid sought downtown

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A new, 540-space parking deck, a seafood shipping operation and a Forte Conde bed-and-breakfast are just a few of the projects that could emerge downtown with the aid of hurricane relief financing program.

The Downtown Mobile Alliance, with the support of the mayor's office, seeks \$44.4 million in tax-exempt Gulf Opportunity Zone Act bonds to help finance 28 projects worth more than \$141 million.

There's a rub, however; the state has already allocated its entire \$2.2 billion in GO Zone lending to other projects, including nearly \$1 billion held for what state officials have called a major economic development project near Mobile.

"At this point there's no allocation remaining," acknowledged David Calametti, business development manager for the alliance, who has worked to group several smaller projects into the one large GO Zone application. "It's all committed."

But the alliance, the city and members of the Downtown Redevelopment Authority, which would issue the bonds, believe the bonds could eventually become available, Calametti said.

And the idea to group the projects, a notion brewing since spring, has spurred landowners and developers "to put pen to paper" to come up with creative ways to use property, he said.

Chances are most of the projects will happen even if they don't end up being financed by GO Zone bonds, he said. The alliance is also educating downtown developers on other incentives that can be used either in place of, or in addition to, the tax-exempt bonds.

Larry Posner, who has renovated nine of 13 city-owned buildings in Fort Conde, praised Calametti's "ferreting out all the possibilities," which included tax credits and taxable bond financing.

Posner's newest plan is to transform a historic building on St. Emanuel Street in Fort Conde into a bed and breakfast or boutique hotel at an estimated cost of \$5 million, but backers have been scarce thus far.

"No one will lend me money," he said, adding that some banks were willing to make a loan if he created more office space.

"But I don't think we need any more offices downtown right now," he said.

Still, Posner said his project does not hinge on getting GO Zone financing. "I believe I will be able to proceed on this," he said. "I essentially believe I will be able to provide collateral for the bank so they will loan on the project."

The parking deck, which is proposed at 2 N. Royal St., is one of five separate projects proposed by David Constantine. The seafood operation, to be called The Hillery Fish & Seafood Co., would be on St. Michael Street and could mean 10 new jobs.

The Downtown Mobile Alliance is a partnership of the nonprofit Main Street Mobile Inc. and the management corporation formed last year to run the city's business improvement district.

Calametti met with members of the Mobile Redevelopment Authority on Monday, hoping to have them sign off on the joint request so it could be sent to the governor's office. Several authority members could not attend, however, so the matter was continued and another meeting will be scheduled.

No one in attendance at the Monday meeting said they expected any opposition to the plan.

"Our package is all ready to go," Calametti said. "This is the easy part."

Congress late last year approved the Gulf Opportunity Zone Act of 2005, touting its tax credits and economic development programs as a way to boost economic recovery from Hurricane Katrina in Alabama, Mississippi and Louisiana. Under the law, Alabama can approve up to \$2.1 billion in tax-exempt "GO Zone" bonds over the next five years. Tax-exempt bonds typically carry lower interest rates.

Alabama Development Office Director Neal Wade said the current GO Zone financing allocations are not set in stone. Rather, the governor's decision to reserve \$900 million in bonds is a "place holder" that would allow the ADO to use up to \$900 million as incentives on any one of three major projects he declined to name.

State Finance Director Jim Main said in August that the \$900 million was being held to lure a major prospect to Mobile, promising that the deal could be larger than the Mercedes assembly facility in Tuscaloosa County.

Main declined to name the company, but in August, ThyssenKrupp AG said it would build a \$3 billion steel complex in the southern U.S. and identified Alabama, Arkansas and Louisiana as places it was shopping for sites.

Wade said Tuesday that the state could dedicate the \$900 million in bonds to "one project, several projects or not use it at all."

Calametti said that, like anyone in Mobile, he wants the city to land giant deals such as the Northrop Grumman-EADS North America tanker assembly plant (already promised \$255 million in GO Zone bonds) and ThyssenKrupp. But the downtown redevelopment projects that seek GO Zone financing, he said, offer a relatively big bang for the buck.

The projects collectively would create about 330 permanent jobs, not to mention about 800 during construction, Calametti said.